THE EMPIRE CLUB

ADDRESSES 1973-1974

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The Empire Club of Canada

1973-1974

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ROBERT L. ARMSTRONG
PRESIDENT, 1973-1974

ADDRESSES 1973-1974

The Empire Club of Canada

SEVENTY-FIRST YEAR

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The Empire Club of Canada

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EXCERPT FROM *Origin and Objects of The Empire Club*

PUBLISHED IN *The Year Book for 1903-04*

On November 18th, 1903, a small meeting was held in Webb's Restaurant, Toronto, mainly on the initiative of Lieut. Col. James Mason, for the purpose of preliminary discussion. The Chairman in a brief speech pointed to the desirability of an organization, following the plan of weekly luncheons, to be addressed by prominent men, or men speaking with authority upon the issues of the day, and having also a distinctive basis of British Unity in its work and policy.

A sub-Committee met on the following day and appointed ..... a Committee to draft a Constitution.

The meeting at which these principles and rules were approved and organization effected was held at the Luncheon hour on November 25th, in Webb's Restaurant, with some seventy gentlemen present .... after a discussion of various proposed names .... The Empire Club of Canada .... was approved by a large majority.

The opinions and views expressed in the addresses contained in this volume are those of the speakers themselves and do not necessarily carry the full or partial endorsement of The Empire Club of Canada.

Edited by Robert L. Armstrong

Photographs by Geoffrey Share

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THE HON. WILLIAM G. DAVIS

JUNE 11, 1973

The World of 1975

AN ADDRESS BY William Rees-Mogg, M.A.,
EDITOR, *The Times* OF LONDON

JOINT MEETING The Empire Club of Canada
The Canadian Club of Toronto

CHAIRMAN Robert L. Armstrong, President,
The Empire Club of Canada

MR. ARMSTRONG:

Through the courtesy of the Honourable Kenneth R. Thomson, President of Thomson Newspapers Limited, we are highly privileged to have as our guest speaker this evening the Editor of *The Times*. In January, 1967, William Rees-Mogg was appointed Editor of the best known newspaper in the world and the oldest paper in the English language with a record of continuous daily publication.

The Times was first published in January, 1785, by one John Walter and was associated with his descendents until 1966, at which time it became part of the Thomson Newspaper group. It is interesting to note that *The Times* House Flag consists of eight black horizontal bars, over which is superimposed a caduceus. The bars represent lines of print on a page, and the caduceus was the winged wand entwined with serpents carried by Mercury, the messenger of the gods.

As Editor, our speaker has been guided by the basic policy of *The Times*, to be as comprehensive, as accurate and as objective as possible in reporting the world's news, to realize that life is more than the affairs of nations, the politics, accidents and sports of mankind and in addition to cover cultural aspects that in one way and another give expression to the spirit of man; to be an independent journal of opinion, tireless in the search of truth; and to be a record not only for present readers but for posterity, recognizing its duty to readers of a century hence. William Rees-Mogg embodies this policy as his creed of office.

Our speaker was born in Temple Cloud, Somerset, and educated at Charterhouse where he was a scholar, leaving exhibitioner and Head of School. He attended Balliol College, Oxford where he obtained a Master of Arts degree and he was President of the Oxford Union, 1951. He joined *The Financial Times* in 1952 and was Chief Lead Writer from 1955 to 1960, and Assistant Editor from 1957 to 1960. He was City Editor of *The Sunday Times* from 1960 to '61, and in 1964 was appointed Deputy Editor, which post he held until his appointment to his present position. He contested a by-election and a general election as a Conservative. His biographical notes do not indicate with what success. He was Vice-Chairman of the Conservative Party's National Advisory Committee on Political Education in 1961. He also served for two years in the Royal Air Force.

He is an author, having published two books, *His Majesty Preserved* in 1954 and *Sir Anthony Eden* in 1956. He is, in addition, a collector of books. We are pleased that our speaker is accompanied by his dear wife who graces this table with her presence.

Ladies and gentlemen, I am highly honoured to present to this audience William Rees-Mogg, Editor of *The Times* of London, who will address us on the subject, "The World of 1975".

Our guest of honour has agreed to answer questions.

MR. REES-MOGG:

Mr. Chairman, ladies and gentlemen. It is a great honour for me to come here to address this joint meeting of your two Clubs and a great pleasure both for my wife and for me to be in Toronto. I did not know that I was going to be introduced as a messenger of the gods but I shall try to live up to that description.

I am told that the Empire Club of Canada not so long ago entertained Mr. Trudeau and is shortly going to entertain Mrs.

Gandhi. Well, I am neither as eloquent as the one nor as good looking as the other—and you may place the compliments as you wish! But I shall do my best this evening.

I should mention that I am a retired politician, having been defeated by 21,000 votes on the first occasion and 22,000 votes on the second! I came to the conclusion that if I went on the progression would become steeper and it was better to retire while I was behind.

It has been a great pleasure to come here and see Toronto, a city which I think is in many ways a very remarkable one and one which I think has a lot to offer by way of example to those many other cities in the world which have faced similar problems in dealing with rapid expansion, dealing with the problems of industry and the problems of traffic and so on. You have, I think, a clean, free-moving, green city, and how you have managed to maintain that in this modern age is for you to say.

It is of course easy, perhaps fatally easy, for any Englishman who crosses the Atlantic to start getting things wrong. I am going down later in the week to Washington where I am sure that I shall get many more things wrong—Washington as a city being the father and mother of all confusion.

We had an unfortunate Ambassador there who got things wrong with the press and of course getting things wrong with the press is something to which I as a journalist am fully accustomed.

He was telephoned and asked what he wanted for Christmas and innocently enough he replied. He tuned into the radio next day to hear the following statement read out: "The Russian Ambassador says that for Christmas he wants peace on earth. The French Ambassador wants friendship between nations; but the British Ambassador wants a box of crystallized fruit" . . . which shows after all what practical people we are! The British Ambassador was the only one of the three who got what he asked for.

It is also a pleasure to come here to be able to express in public the debt that we on *The Times* owe to a Canadian family. In the late 1960's there were two great British institutions that, in common with a lot of other things in the country, were in a situation of very serious difficulty. One of them was *The Times* and the other was the Rolls Royce Company. We all know what things happened to the Rolls Royce Company and the fact that *The Times* has survived and is now moving into a position of I think considerable strength owes everything to the consistent and remarkable support that was given by the Thomson family through an extremely difficult period. This, I think, is not one of the least of the gifts that Canada has made to Britain and it is something for which I myself am extremely grateful.

Of course that period was a period . . . and it has still left some shadow behind . . . in which Britain was moving into a situation of very real and considerable depression and anxiety. There were a number of things that were practically wrong with the country. We had bad labour relations and they were tending to get worse. We had some inflation, a little worse than other European countries, and that was tending to get quite rapidly worse. This deterioration went on into the early 1970's. We had a low level of national investment, we had a not very strong balance of payments—sometimes looking very bad, sometimes looking moderately good; getting a bit better, getting a bit worse again.

We had, I think, at that time a feeling that other nations were mastering problems which we had failed to master, and we were also at that time in a middle phase. By the early 1960's the phase of Empire had come to an end. By the early 1960's we had taken the decision—not all of us, not unanimously—but the government of the day had taken the decision that Britain ought to join the European community, and had then been refused.

So we had ten years during which the Imperial phase of British history was finished and the European phase of British history had not yet begun, and those were a particularly difficult time in the life of the British people and in our life as a nation. This bad period is, I believe, now over. The decisive thing that had to be done, and the thing that was done against opposition and with difficulties much greater and margins much narrower than will ever be believed by historians, was to secure the British entry to the European community.

I am perfectly convinced that it was right both on regional grounds—and I think that we all recognize the strength of the regional pull in modern economic affairs—and that it was also right because Britain was not able to support on her own an effective world position.

At any rate that was achieved and it is now recognized throughout the European community that Britain is not only an effective member but a surprisingly successful member.

I have never thought that one should join a community and then start talking about who has the lead or who does not have the lead. It seems to me to be a misleading way of looking at something which must by its nature, if it is to succeed, become an effort in which nations work together without always putting the national interest first and without always saying are we leading? Are they leading? How can we gain the lead for ourselves?

But it is right, I think, to take pride in the fact that in the first year of entry it is already clear that Britain is able to bring in to the European community at least as much in experience and in political capacity as we are receiving in our turn from the European community.

It is not only the European community which shows an improvement in our affairs. Our economy still has its problems but then whose economy does not have its problems? We now have moved out of this unenviable position of looking to be the one nation in the world which does not know how to manage its affairs and have moved into a position where we seem at any rate to be handling our economic affairs as well as the other countries of the world, and handling some aspects at present with rather more success than the average for the world around us. We are no longer the most inflationary country in the world. We are no longer a country where it is impossible to build up a strong effort of industrial investment. These things are beginning to move in the right direction.

We are also in a situation where for the first time—and this is only now beginning to take firm hold in public opinion—we have a government which actually has growing confidence in it on the part of the British people. The latest opinion polls show that the government has moved ahead. They also show that the Prime Minister Mr. Heath is more popular than he has been at any time either as leader of the Conservative opposition or leader of his own government.

The British people are again beginning to believe, as they have not believed since the early 1960's, that there is nothing in their situation which marks them out as a country which will not be able to handle the problems of modern industrial life, and they believe that there are some things about this situation which will allow them to handle those problems at least as well as other people.

So that reporting to you on the situation in my own country it is, I think, legitimate and right to report in surprisingly favourable terms. Our position is not perfect, it will run into difficulties in the future and some of them will be similar difficulties to those in the past. We are still a country which has far more strikes than we ought to have, and trade unions who are not necessarily particularly far-sighted. At the same time there are more grounds to have legitimate optimism about the British situation than there have been in the past decade and this is a substantial and significant change.

It is not really about British affairs as we are moving into the middle 1970's that I wanted to talk to you this evening. It is how in Europe we are now seeing the world and what lessons might be derived from that. We see the world as having already changed from a post-war situation in which you had two great powers and the other powers mattered relatively little. We now see the world as one in which all powers should be seen as regional groups of power, sometimes coinciding more or less with nations. You can't have a region much bigger than China. Sometimes a power consists of several nations joined together. There is the region of North America in which the United States is obviously the great predominant force. There is the region of the Soviet Union with the Warsaw Pact countries reluctantly gathered on its boundaries. There is the Western European region moving more closely together and now concerting foreign policy and beginning to concert defence policy as well.

There is the regional power of China and the great regional growing trading power of Japan.

So we have now, as we see it, these five powers, and the great question of the world must be how are these powers going to relate to each other? It is easy to see what happens when you just have two. The two glare at each other and focus their attention one on the other and that is the great clash of the world. But how will the five join together? It seems to me that when one groups them together they do not look quite as they seem. The most important fact—I think the fact with which we have to begin—is that the suspicion of the Soviet Union in China is absolute and even obsessive. Some people say "But look at those two Communist powers—will they not some day come back together and shall we not then be faced with a great Communist force dominating the world?"

I know of no people, except possibly the people of Bavaria, who also live on the boundary of Russian power, who regard the Soviet Union with the degree of suspicion and mistrust which every single Chinese official seems now to feel; fear even that they will be invaded, unlikely as that may seem.

To start off with, I think that the five powers are not going to form up in such a way that the Soviet Union and the People's Republic of China actually work together rather than being suspicious and doubtful about each other.

The United States is always bound to suspect the Soviet Union and the Soviet Union is always bound to suspect the United States because these remain, as a result of their super power status, the only two powers capable of delivering modern nuclear attack on the scale which they alone can answer. That means that while they can come nearer together, can form temporary alliances, can trade, can deal with each other, there will always be an underlying doubt. These are the two great barons still and they will not let down their guard against each other.

One can start off, I think, by saying it is likely that the Chinese and the United States will continue to have a relationship with each other which will tend to get rather closer rather than more distant.

Then you have the situation in Europe. We are on the boundaries of the Soviet Union and we know it very well. No European can question whose tanks might—I believe they will not—roll across the boundaries of Europe. Europe therefore looks to the United States on the one hand as a military guard, and on the other already recognizes that the great power of the Chinese Army, which contains such vast masses of Russian troops on the Chinese frontier, has become a part of the collective world defence system upon which European security rests.

So we have China looking rather anxiously towards the United States, and rather keenly towards Europe, because Europe can supply China with many of the goods the super powers can supply but has no conceivable conflict of interest with the Chinese government. That is a position of natural connection and strength.

And then one has Japan. Japan, although nobody talks about it—and perhaps they don't talk about it because they think if they talk about it, it will be more likely to happen—though in my experience not talking about things does not often make them go away—Japan has a trading rivalry both with United States and with Europe. I don't know how you feel about the entry of Japanese goods into your market and the competition of Japanese goods against your exports but we feel quite anxious and we certainly find them very formidable competitors.

Japan, I think, does not know which way to turn. Traditionally there has been the Japanese desire to have a market in China. There is also the great need in the Soviet Union for investment goods which Japan can supply, and the possibility that the Soviet Union might be able to guarantee the supplies of oil of which Japan is going to be very short.

So perhaps one has a possibility, and this surely is one of the questions of the next two years, one of the fascinating things to watch, that in the end the five world power regions which are at present actually lined up four to one against the Soviet Union will shift and will line up three to two. The consequences if that happens in south-east Asia and in China, the consequences in the United States, the consequences of the balance of world power are obviously all of the greatest importance.

One comes then to the question, how well will the United States be able to adapt to this situation if it occurs? How skilful will the United States be in preventing it from occurring, and how strong is the United States going to be in the period immediately ahead of us?

We come to the issue which is causing this great turmoil in the United States, the issue of Watergate. We have been watching Watergate from Britain with two attitudes. One, the attitude, I am afraid, of only too many newspapers that it is always something of a pleasure to see other people in trouble, and it is a very tempting point of view to take. Then there is the point of view of the areas of government, which is also a view which we have been taking in *The Times,* that when your friends are in trouble it is not all that funny to laugh and we certainly feel profound regret that the government of the United States should have been suspended by what is, however important one thinks it, a secondary rather than a primary matter of state. By a secondary matter I mean a matter upon which neither the freedom, the security nor the prosperity of the United States essentially and necessarily depends. Those are the primary matters. Everything else in statecraft must be secondary.

I have been very much reminded of my experience in the United States in 1950 and 1951 and '52 when I went over just after having left Oxford to do a debating tour. In those days the great issue, the issue which we were asked about wherever we went, was the issue of Senator McCarthy—briefly eclipsed by the issue of General McArthur when he was dismissed by President Truman.

And the things have a surprising amount in common. I noticed that Senator Proxmire, who actually succeeded Senator McCarthy as the Senator for Wisconsin, did in fact compare the Watergate investigations taking place in the Senate Committee to the McCarthy investigations which took place in another Senate Committee.

They do have something in common. They have, of course, some details in common. It is extraordinary the way in which one is expected to memorize a cast of characters whom one has never heard of before and never wishes to hear of again. It sounds like an examination question. The right examination question on McCarthy would be: What was the name of the Army dentist who led to Senator McCarthy's downfall? I am prepared to bet five dollars there is no one in this room who can give me the answer to that question.

The question in Watergate is: Who were the five men who broke in and got caught? Anyone able to list more than three of their names again would be deserving of a prize.

One has much deeper than that the feeling that no one is getting justice. After all, these inquiries (and this was the art of Senator McCarthy's inquiry) are inquiries into no fixed charge, conducted at large, raking in evidence without examination of any kind or care about its relevance, with constant leakages of evidence from people who say that they are going to give it to one committee or another or to a grand jury at some future date.

These are not the conditions of justice. They are not the conditions of proper inquiry. They are not conditions in which anything, let alone the guilt or innocence of a president of the United States, can fairly and properly be established in a judicious atmosphere.

But there is something even deeper than that. The United States, with all her great merits—and I am half American so I can be acquitted of any desire to criticize her—is a country that does not take defeat well. They are accustomed to the idea that all problems can be overcome if enough energy, enough determination and enough manhood are put into overcoming them. And when a problem is not overcome, it is natural to the people of the United States to look for a reason, and usually to look for a sinister reason, for their failure as a nation.

Senator McCarthy was not created by the Communists in the State Department, although there had been Communists in the State Department. I think Alger Hiss was probably rightly convicted; Harry Dexter White, had he lived, would certainly have been rightly convicted. They—McCarthy, McCarthyism—were created by the loss of China. They were created because there had been this massive blow to the confidence of the United States almost immediately after the greatest military victory the United States had ever achieved. And it was natural for the American people to start to look around and say what is wrong with our society, what is wrong with our government that has allowed this to happen to us?

There is a slightly less direct connection but a pretty direct connection between the quite hysterical exaggeration that has been taking place about the significance of Watergate and the evidence about the President's complicity in it—and that evidence is not very strong. Again the United States has been through a great defeat and the Vietnam defeat, unlike that in China, was not only a political defeat but was a military defeat as well. The United States needs to have an explanation for a defeat so complete, so humiliating by so tiny and yet so ruthless a power. They have a President who is isolated, remote, intraverted, but in so many ways very gifted and they have turned on him. I believe myself that he will probably survive.

I recognize also, having those memories of the McCarthy period, that while this hysteria is actually one of the most odious things about the recurrent pattern of American politics it serves a psychological purpose. Just as grief serves a purpose in bereavement, so the belief that they have been betrayed helps the United States to get over a defeat.

Always in the past when the United States has been defeated, the United States has come back from defeat. I myself have no doubt at all—and it is essential to all our futures, to yours in Canada and to ours in Europe equally. I believe that the United States will come back and will come back as a strong and effective nation in the world. I believe also that the United States will again be the most powerful nation in the world but I would only add one rider to that comment, which is that I do not believe that we shall ever again in our lifetime see the United States like Secretariat riding home 31 lengths ahead to win the field.

Mr. Rees-Mogg was thanked on behalf of those present by Mr. L. S. McMahon, First Vice-President of The Canadian Club of Toronto.

JUNE 20, 1973

Democracy in India

AN ADDRESS BY Mrs. Indira Gandhi,
PRIME MINISTER OF INDIA

JOINT MEETING The Empire Club of Canada
The Canadian Club of Toronto

CHAIRMAN Robert L. Armstrong, President,
The Empire Club of Canada

MR. ARMSTRONG:

New Delhi, Calcutta, Bombay, Madras, Bengal, the Taj Mahal, the Golden Temple of Amritsar, the Himalayas, the Ganges (the River of the Gods and in India called Ganga), are names that conjure up in the minds of Canadians the mysteries of India. It is interesting to note that as many as 10,000 Canadians will visit India this year. We enjoy a warm and friendly relationship with the people of the great sub-continent of India and today we of The Empire Club of Canada and The Canadian Club of Toronto, supported by members of The Canadian Institute of International Affairs, The Royal Commonwealth Society and The English Speaking Union, as well as many other guests, extend a cordial welcome to Prime Minister Indira Gandhi who holds the pre-eminent position as leader of the largest democracy in the world. Mrs. Gandhi presides over a government which serves 550,000,000 people, more or less. She is indeed paramount in her field among women and men.

Mrs. Gandhi is a dedicated activist, a confirmed believer in women's rights and in the political power of women. When on a state visit to Washington in 1966 she was asked if she could handle a man-sized job, and was she a feminist? She replied, "I do not regard myself as a woman. I am a person with a job to do.'' On the same occasion she said, ''My assumption of office as Prime Minister has occasioned no surprise in India. We women have for years played a prominent role in the freedom struggle, in politics and in public life. We have women engineers, women governors, women ambassadors, women judges, women diplomats and administrators.'' The emancipation of women took place many years before under the leadership of an earlier Gandhi, the great protagonist of non-violent resistence, Mohandas K. Gandhi, known to the world as Mahatma Gandhi. As an aside, the chauvinistic males of the Empire and Canadian Clubs have only emancipated women to admit them to membership within the last two years, and as recently as Monday of this week, a similar emancipation has taken place in the Board of Trade of Metropolitan Toronto.

Our guest of honour is the only child of the late Prime Minister Nehru. She was educated in Switzerland, at Somerville College, Oxford and later in India. Following her schooling, she joined the Congress Party and as its leader became Prime Minister in January 1966 and has firmly established undisputed leadership of the large ruling wing of the Party. Mrs. Gandhi has risen to her present position of power in her great nation by reason of her boundless determination and her humanitarian desire to alleviate the suffering of the masses and to lead her people to freedom. Her mentor was her father who was the first Prime Minister of the Republic of India and an apostle of the earlier mentioned Mahatma Gandhi, the leading figure in the nationalist movement. All three of these famous leaders, including our guest of honour, were imprisoned at one time or other for their political activities and during the imprisonment of Mrs. Gandhi's father, he wrote a series of letters, subsequently published in 1931 under the title, *Letters from a Father to his Daughter*.

On the human interest side, evidence of our guest of honour's concern for conditions in India commenced in early childhood. It is reported that she, an avid reader, had become fascinated by stories of Joan of Arc and at under ten years of age was found one day by her aunt standing at the balustrade of the veranda at her home with outstretched arms as if persuading an imaginary audience of her mission. When questioned by her aunt she said, "I am practising being Joan of Arc. Some day I am going to lead my people to freedom just as Joan of Arc did." She felt at this tender age she was taking part in her country's call to the struggle for freedom.

At 12 or 13 she set up a children's volunteer organization consisting of hundreds of children, boys and girls, rich and poor, to assist in the freedom fight. The organization was named Vanar Sena (Monkey Army) after a story in the old Hindu epic, Ramayana. Rama was the eldest son, and heir apparent, of a king. Through a conspiracy, the Prince Rama and his beautiful Princess, Sita, were exiled to a forest where a demon king abducted Sita. Then, Hanuman, the King of the Monkeys, offered to search for her and collected his tribe of monkeys which pursued the demon king and rescued the fair damsel. From this fascinating tale came the Monkey Army which our speaker built into a bond of union between children and adults. Thousands of children joined her Monkey Army. She drilled them, marched them and instructed them in their allotted duties. The Monkey Army worked as an auxiliary of the Indian National Congress, making flags, addressing envelopes, serving water to volunteers in processions and even posting notices of meetings after dark. They formed an underground communications system. In the innocence of playing hopscotch near police stations, the children would obtain helpful information to pass on to the adults.

Mrs. Gandhi was Minister of Information and Broadcasting from 1964 to 1966, and concurrently Chairman of the Planning Commission, President of the Council of Scientific and Industrial Research, Minister of External Affairs from 1967 to 1969, Minister of Finance from 1969 to 1970, Minister of Home Affairs since June 1970, and again Minister of Information and Broadcasting from March 1971.

I shall not attempt to detail Mrs. Gandhi's many other accomplishments except to say that in 1971 she was chosen by a Gallup Poll Survey in the U.S.A. as the most admired person in the world. She has been and still is associated with a multitude of humanitarian organizations and institutions. We are today highly honoured by the presence of a beautiful, dynamic, dedicated and devoted leader of a great nation. We warmly welcome to our midst the Prime Minister of India, Mrs. Indira Gandhi, who will now address us.

Madam Gandhi.

PRIME MINISTER GANDHI:

Mr. Chairman, Mr. Minister, Madam Minister, His Worship the Mayor and distinguished guests: first of all I should like to thank you for your very kind words. I should like to speak to you about India today and tomorrow in the hope that a distinguished gathering of scholars and active participants in public affairs would be interested to know the assessment of one who has seen Indian events unfold, sometimes from the sidelines and often nearer the centre.

Of course, I am partisan and have a vested interest in India's success.

Modern Indian history began with our struggle for independence. We are still in the phase of an ascendant, affirmative nationalism like many other Asian and African countries.

Nearly half of India's people have been born free and have no personal memory of the colonial days. We are engaged in building the nation, in giving political freedom its full economic and social content.

Foreign voices and some Indian echoes frequently ask whether India will hold together. To Indians themselves political unity and cohesiveness are not in question. However, we do know that this unity, like freedom, has to be constantly defended and worked for.

In a vast country characterized by the widest imaginable diversity, it is natural for region and language to make a powerful claim to individual loyalty, but our conviction that diversity can be a greater source of strength than any imposed uniformity has prevented parochial passions from becoming a divisive force. Responsiveness to and accomodation of legitimate local grievances has lent strength to the total fabric.

Our constitution reflects the complexity of our society and also its capacity for self-correction. It has helped our endeavour of nation building.

Although the framework of the constitution owes much to our association with Britain and other members of the Commonwealth, its spirit and indeed the motive force of our entire political system was generated through the long years of the struggle for freedom under the guidance of Mahatma Gandhi and my father Jarwahrlal Nehru.

The unity of India is not a legacy of the British. Through the centuries India has been a cultural entity which neither conquest nor the changing boundaries of its kingdoms were able to erode. Its political unity in modern terms was a product of the fight against foreign rule and of challenges faced together.

To us freedom was the beginning of the new journey, the door to changes that had been held in abeyance, an opportunity to rid Indian society of hierarchy and social inequality.

Our state policy has four major premises, democracy, socialism, secularism and a non-aligned independent foreign policy. They are not unconnected objectives but have an organic inter-relationship that is consistent with our traditions.

Democracy is more than a value. It is the best means of bringing about economic and social development without violence and disruption.

The belief that no country has a moral right to rule over another has its corollary that no group within a country can arrogate to itself the right to make decisions for others.

Freedom can be complete only when equality is not the preserve of a small power élite and when Government is of all. The political process has succeeded in evoking the involvement of a large proportion of our vast population.

A majority of our workers may lack formal education, but they have displayed as sure an understanding of issues as their more educated counterparts in other countries. For us the justification of politics is elimination of poverty and disparity.

Development constitutes a special dimension of our democracy. It is generally recognized that a change is taking place along desired lines and has enabled democracy to take root.

The democratic system permits the opponents, not only of the government of the day, but of the system itself, to propagate their viewpoint. In return it expects a sense of responsibility from them, indeed from all citizens.

The basis of democracy is that people by and large will have the discrimination to sift the false from the true and the wisdom to reconcile personal or group advantages with the larger benefit of the people as a whole. At the same time the ideal of egalitarianism does release envy at all levels and the highly competitive nature of contemporary society tempts people to use any means to get ahead. Thus the interests of an individual or a group are in constant clash with the welfare of the community.

How far is it possible to inculcate a selfless attitude without the sort of brainwashing that impinges upon freedom of thought? How does one reconcile the demands for individual freedom with those of order?

We have also our share of those who do not believe in peaceful change in parliamentary institutions. We have extremists who have preached and in small areas attempted murder and expropriation. We have fanatical parties which are opposed to secularism. By secularism we mean that the state will not further the interest of any one religion, or religious creed to the detriment of others, but will show equal respect for all religions.

We do not feel there is any conflict between the secular and the sacred. The evil, the spectacular, the out-of-the-way attracts headlines. These happenings must be seen in perspective.

India, as you have pointed out, has more people than the North and South American continents and Australia combined. Of our twenty-one states, twelve have more than twenty million people each and the largest state has ninety million. That is my state.

We have troubles and uncertainties, but the over-all reality is of a people who are growing in political consciousness, assertion and articulation, impatient for faster change and at the same time more confident of their capacity.

Democracy will hold in India provided it can withstand the attempts to deny equality and towards change in the name of the liberty of the individual, which unfortunately is what some groups are attempting. They level wholly unjustified criticism in invoking the spectre of a totalitarian collectivism, a monster state which is attacking basic rights.

This reveals a failure to comprehend the changes which are taking place the world over; the mood of our own people, and the fact that there are many varieties of socialism.

We cherish freedom of speech, of association and of belief, and the right to life, liberty, and the protection of law, but we cannot agree that fundamental liberties include opportunities for a small number of individuals to amass unlimited property. People steeped in poverty naturally yearn for relief from want and social injustice. This can be achieved only through a vast expansion of the productive apparatus and equitable distribution of the fruits of progress.

It is obvious that development cannot be left to the mercy of market forces. The profit motive which deifies the rights of owners of property denies hope to millions. State intervention becomes necessary to insure that the limited resources are directed into priority sectors of the economy.

We do not follow the extreme path of forced savings through the use of state power. We have tried to bring basic industries, financial institutions and wholesale wheat trade under public control and initiate measures for social investment.

We aim at growth with social justice. A different strategy might have yielded increased industrial production and a higher rate of growth, but there is no doubt that any approach leading to greater concentration of economic power in private hands would give cause for explosive social tensions and would distort, even disrupt, our entire democratic structure.

Economic development on the state initiative has taken us decisively forward to a self-reliance in industry and technology. Although so much noise is made about our socialism, the state sector's present share of the national expenditure in India is still very much lower than in Canada or the United States.

In metals, machine tools and power equipment, as well as in railway rolling stock, ship building, automobiles, aircraft, telecommunications, electronics and petroleum refining, our production and indigenous technological capability has increased. We are now able to design and build our own steel mills, fertilizer factories and atomic power stations.

As in other countries the development of industry has enabled the modernization of agriculture. Major and medium dams and canal systems have added twenty-four million acres to the irrigated areas and there is wide-spread adoption of modern methods of farming, resulting in a doubling of the grain production.

This year a bad drought has affected us along with other countries of Asia and we have suffered a setback in agricultural output, but we have reached a stage which, given reasonably normal rainfall, reduces imports of grain to the minimum.

We are now drawing up the details of our fifth five-year plan. Its main thrust is to fill the gaps in self-reliance, promote the social well being of the poorest sections and secure fuller utilization of capacities already created.

Our social programs will give importance to the provision of house sites for the landless, inputs and credits for the small farmer in rain-poor areas, better housing in slums, more rural electrification, employment schemes for the educated unemployed and greater attention to family planning.

We are also anxious to reduce our need for concessional foreign credits. In the last two decades about one-fifth of our expenditure on development has come from aid.

Up to May lst this year Canada alone has given us a billion dollars. We are grateful for the credits and grants and particularly appreciate the fact that Canadian credits have been among the most liberal and most unencumbered that we have received, but as our economic base gains strength, our endeavour will be to earn our external resources through trade rather than aid.

In terms of your over-all trade, the volume of trade between our two countries has been small. Ninety percent of Canada's trade is with the Atlantic nations and Japan. Of the $2,000,000,000 trade with the rest of the world, the two-way trade with India amounted to $142,000,000 last year. Of this Canadian exports amounted to $98,000,000 and imports from India to $44,000,000.

It should be possible to identify areas in which our trade and economic co-operation could be augmented. In fact, one of the tasks before enlightened international leadership is to revise trade policies and practices and reduce the handicap suffered by developing countries.

Any tendency to form exclusive clubs would lead to hardship and bitterness in the developing countries and harmful consequences for the future of the world.

The majority of the world's people live in sordid conditions, deprived of basic necessities. At the same time the sudden fear of affluent nations that the earth's resources are fast running out has prompted a reluctance to help the development plans of poor nations. There is no doubt that the rate of population growth must be controlled. So must the rate at which advanced societies consume non-renewable resources.

It is known that each individual in an industrially advanced country uses up as much as twenty persons in a developing country. Can nations which took advantage of the earlier industrial revolution assume prospector's rights to the world's air, water and other assets, devouring late-comers?

The challenge before human civilization is to develop new norms of satisfaction which will be equitable for all.

Even in the days before the emergence of the sovereign country, we firmly believed that the world's problems could be solved by pooling the wisdom of all nations. Colonialism and racial discrimination are evils which could be fought only by activating the conscience of the world.

Poverty is an international problem. The problem of many nations has been largely the result of colonial exploitation. To us peace and international co-operation appear essential for the removal of poverty.

Our foreign policy rejected any hegemony and sought to promote equality, friendship and peaceful co-existence amongst nations. This policy has been characterized as non-alignment.

The negative prefix describes abstention from military blocks but non-alignment has also a positive connation. In asserting our right to shape our own policies, we naturally accept the right of others to do so and thus build a base of tolerance and friendship.

Non-alignment was decried by some fundamentalists as a refusal to make ethical choices. We did make ethical choices. That is why we are non-aligned.

It was difficult to regard the transitory power factions of the postwar world in terms of moral imperatives. Fortunately the essentials of non-alignment have at last come to be accepted by others. The age of crusades seems to be ending, at least outwardly. Détentes have attracted powerful adherents but détentes should lead, not to compacts for the sharing of power, but become the starting point of a new international endeavour to improve the human ambience, be it the removal of poverty, the reduction of terror and violence, or the restoration of the purity of our environment.

We do not seek conventional military strength. We are not interested in becoming a power, major or minor, and certainly not a nuclear power.

The founding fathers of our nation asked the question: Can India become a modern nation without sacrificing harmony and human values, without being caught up in the pursuit of possessions?

The answer is: India can and will and this is what we are working for.

India has given much to human civilization. Even in the dark age of colonial subjection, we had men of radiance. A nation which comprises one-seventh of mankind must have some contribution to make. It can do so when its millions are given the opportunity of developing their personalities. The transfer of scientific knowledge has brought with it a strong imitative propensity. Increasing awareness of conditions elsewhere has spread dissatisfaction with conditions at home, but I see also a tremendous upsurge of confidence and creative endeavour in our young people.

The old insights, the conditioning of the last fifty years and the new vigour may yet combine to enable India to map out a distinctive part in human development.

May I once again thank you all for your very warm welcome. It is a privilege and a pleasure for me to come to Canada again after several years to see how much progress there is, but even more to feel something of a friendship which your country has shown, a friendship and understanding, and a friendship which is today being shown to me. I am sure this, as I have said on an earlier occasion, is not meant for me as an individual, but for what my country stands for.

I think we can be, Canada and India, as someone has said, good companions in this great task of making a better world.

Thank you.

Mrs. Gandhi was thanked on behalf of the Joint Meeting by Mr. L. S. McMahon, First Vice-President of The Canadian Club of Toronto.

SEPTEMBER 27, 1973

The Aims and Responsibilities of German Foreign Policy

AN ADDRESS BY Mr. Walter Scheel,
VICE-CHANCELLOR AND MINISTER OF FOREIGN AFFAIRS, THE FEDERAL REPUBLIC OF GERMANY

CHAIRMAN The President,
Robert L. Armstrong

MR. ARMSTRONG:

Distinguished head table, ladies and gentlemen.

The Empire Club of Canada is highly favoured by the presence on this occasion of a very distinguished international statesman to whom we extend a warm welcome.

Our Club calendar of events is normally barren from the end of April to the beginning of October, but the summer of '73 has been exceedingly fruitful in that this is the third special meeting, all involving guest speakers of international prominence.

We were earlier addressed by the Editor of *The Times* of London, Mr. William Rees-Mogg, and by the Prime Minister of India, Mrs. Indira Gandhi. Today we continue our tradition of providing a forum for the presentation of important and timely messages of national and international significance.

Our guest of honour, Walter Scheel, Vice-Chancellor and Minister of Foreign Affairs of the Federal Republic of Germany, comes to Canada as a gracious emissary of his government immediately following the admission of his great resurgent nation to membership in the United Nations Assembly, which Assembly he addressed only last week.

Walter Scheel was born in Solingen, the capital of West Germany's cutlery industry, just a stone's throw from the giant blast furnaces of the Ruhr and adjacent to the teeming city of Cologne.

On completion of his schooling he was employed in a bank, but was drafted for military service in World War II and became a fighter pilot.

Soon after the end of the war, Mr. Scheel became a partner in two market research firms and headed a number of business associations. At the same time he actively pursued his political interests as a member of the Free Democratic Party. In 1948 he was elected to the City Council of Düsseldorf, entered the State Parliament of North Rhine Westphalia in 1950 and in 1953 was elected a member of the Bundestag. In 1955 Mr. Scheel became a member of the European Parliament and practically a commuter between Bonn and the Cathedral City of Strasbourg, France. He was the representative of the Free Democratic Party in the European Parliament. This set the stage for his entry as a full-fledged Cabinet Minister. He was elected President of the committee for co-operation with the developing countries in the European Parliament. He showed himself to be an expert in industrial programmes for the vast regions of what were later to be known as the Third World. He travelled to Africa, Asia and Latin America to gain first-hand knowledge of conditions in these areas, bringing home with him interesting new ideas for development aid. In 1957, at thirty-eight, he was returned to the Bundestag for his second term and he became his party's spokesman on cartel control and competition, the business situation, West European integration, and development-aid policy.

In 1961 he persuaded Chancellor Adenaur to form a special ministry to handle aid. Mr. Scheel's proclaimed philosophy on the subject was, "God helps him who helps his neighbour", and his hard sell message to businessmen was "The countries to be opened up today are the markets of tomorrow".

In the year 1969, the Federal Republic of Germany provided development aid from private and public funds to the tune of DM 8,900,000,000 of which the private sector made up nearly 73%.

Mr. Scheel in 1961 was appointed Federal Minister for Economic Co-operation in a coalition government formed by the Christian Democrats and the Christian Socialists. In 1966 his party went into opposition.

In 1968 Mr. Scheel was elected National Chairman of the Free Democratic Party and led his party as Vice-Chancellor and Foreign Minister into coalition with the Social Democratic Party. He was reappointed after the coalition's victory in the election in November 1972. We in Canada are not as sophisticated in the formation of coalition governments as our German friends but there are some who suggest that we presently have an informal coalition.

In foreign affairs our guest of honour has shown himself to be a master diplomat and a proponent of rapprochement with eastern neighbours. He played a major role in Moscow in the summer of 1970 in preparing the Bonn-Moscow treaty for signing.

On the lighter side, the following anecdote discloses a real sense of humour and wit in our speaker. In 1966, when the grand coalition caused him to lose his cabinet rank, he had been committed as Minister to host a Unesco dinner in Paris and Chancellor Erhard to save embarrassment asked him to continue as host. Mr. Scheel agreed. The then Czechoslovakian Minister of Culture in expressing his thanks said, "You know, Herr Scheel, I believe I am the first Czechoslovakian Minister to be entertained by a German one", to which Herr Scheel replied, "Now you see Herr Minister, with what finesse we Germans play foreign politics. I managed to arrange, a few hours before our evening began, to resign."

This personable man is known in the tabloid press as "handsome Walter" a charmer, adored by the ladies. He is fond of good literature, Bach's organ music, French cuisine and rum cocktails.

I am proud to present to this audience Mr. Walter Scheel, Vice-Chancellor and Minister of Foreign Affairs of the Federal Republic of Germany, who will address us on the subject "The Aims and Responsibilities of German Foreign Policy".

Mr. Scheel.

MR. SCHEEL:

When a representative of one of the world's smaller countries gets up to address such a distinguished gathering of representatives of the world's second largest country he might easily feel somewhat self-conscious. But the cordial reception you have given me dispels any such feeling. And this does not surprise me for one of the officials of my ministry who is currently Ambassador in Tanzania was treated so well in the province of Ontario, even though he was then a prisoner-of-war, that he could not rest until he obtained the posting as consul-general in Toronto. And although I want to say something today about renunciation of force, I must frankly admit we have found it impossible to transfer German consuls in Toronto back to headquarters without threatening to use force.

It is a great privilege and unqualified pleasure to speak to you today, and I wish to thank you, Mr. President, for your kind invitation. Following a long line of distinguished personalities from all parts of the world, I gladly take the opportunity to address this Club on my country's aims and problems. And I do this all the more willingly as many of them are aims or problems we have in common. Shared suffering is halved suffering is a German saying. I would add that shared success gives twice the pleasure.

Immediately before my visit to Canada I attended an eventful session of the United Nations General Assembly in New York. It was a very special occasion for us Germans, for on September 18 the Assembly approved the accession of the two German States.

The Federal Republic of Germany is no newcomer to the United Nations family. It has been a member of all the specialized agencies and numerous commissions for the past ten years or so, and over that period of time it has proved its willingness and ability to serve the lofty aims of the Charter, and of the statutes of the specialized agencies. It is determined, now as a full member, to render an active contribution in the political sphere also to the efforts of the World Organization to foster co-operation and peace among the nations.

The Federal Republic's road to full membership of the United Nations has been long. After the First World War, the German Reich had to wait seven years before it was admitted to the League of Nations, but from the end of the Second World War to German membership in the United Nations almost half a lifetime has passed. This has not been the fault of our friends and allies in the West. The causes lay in the political situation in Europe and Germany which results from the Second World War. Taking that situation as our starting point, we set about the task of gradually dismantling the political obstacles between East and West.

The first major steps in this direction were the Moscow Treaty of 12 August, and the Warsaw Treaty of 7 December, 1970. With these treaties the Federal Republic has placed its relations with the Soviet Union and Poland on a new basis. Those treaties made possible the Quadripartite Agreement on Berlin of 3 September, 1971. As a result of that agreement and the agreements between the Federal Republic of Germany and the German Democratic Republic which have given substance to it, the city has again become an important centre for Germans from the two states to meet. Thus, a point of critical confrontation of the superpowers has become a place for contacts. On the basis of that agreement and in agreement with the three Western allies who exercise supreme authority in the city, the Federal Republic of Germany will be able to make its full contribution to the work of the United Nations with the inclusion of West Berlin.

Naturally, this does not mean that the problems between East and West in central Europe have been resolved. The Eastern treaties do not yet usher in the golden age on the old continent: this is clear enough from the problems with which we are still confronted in bilateral dealings. I myself have, from the very beginning, warned about exaggerated hopes regarding our Ostpolitik and about seeing things through rose-coloured spectacles, but this policy is a realistic basis for conducting the progress of normalization and détente. In Germany itself the Treaty on the Basis of Relations between the Federal Republic of Germany and the German Democratic Republic, which entered into force on 21 June this year, has created the foundations for regulated relations between the two German states.

I should like to explain one or two points about this treaty. It does not represent a final solution of the German question. Indeed it keeps it open. In the case of the Basic Treaty, too, the Federal Government has reaffirmed its constitutional obligation to work for a state of peace in Europe in which the German people can regain their unity through free self-determination.

The German nation today lives in two mutually independent states. The aim of the treaty is to prevent the Germans from drifting further apart. The fact that the two states still have their differences over the national question and other matters such as nationality is explicitly stated in the treaty. But the accord has also created possibilities for co-operation in many fields, and it has opened up the way to our joint accession to the United Nations.

Now I come to my country's wider neighbouring region, Europe. German foreign policy starts from the fact that Europe, in the heart of which we Germans live, is an entity that has grown together over many centuries. Its various elements are linked together by common traditions, a common destiny, and the cultural heritage of the European nations. No act of force can remove these common features. All the same, this does not alter the fact that this continent has been cut in two by the war and subsequent events.

The dividing line runs right through the middle of Germany. It is an artificial division which has produced increasingly different social and economic systems. Today it also rests on fear of any change brought about by force.

Force, ladies and gentlemen, we all agree, is today less than ever a suitable means of creating a better order in the life of nations. Only in peace and in freedom can Europe develop. Only peace and mutual respect can lead to the full development of the energies and capabilities of the old continent.

Hence the Federal Republic's foreign policy can only be a policy for peace. Ever since the Federal Republic came into being, each of its governments has worked for the consolidation of peace. The democracies of Western Europe and North America held out the hand of reconciliation and co-operation soon after the war was over. That reconciliation has stood the test in times of crisis and of threat. We shall never forget that in such times Canada has always stood at our side. The presence of your troops in our country is a symbol of that solidarity.

However, it is not enough to rely solely on the military cohesion of the Atlantic Alliance for the maintenance of peace. We must consolidate that peace by systematically removing tensions and their cause and by defusing the elements of conflict. In all our efforts of recent years to normalize relations with Eastern Europe we have been in agreement with your government. To us there can be no alternative to peaceful co-operation on the continent of Europe.

Differences in political and social systems should not be an obstacle to this. It must be possible for every nation to live in the way of its own free choice. No dialectical acrobatics, however skilful, will make walls, death-strips and automatic shooting devices instruments of good neighbourhood. They are, and will remain, demonstrations against peaceful co-operation. Our aim is gradually to nurture in Eastern Europe as well trust and faith in a peaceful future which will make the inhuman arsenal of delimitation an untenable anachronism.

Recent developments give us reason to be cautiously optimistic. But in the process of détente which we and our allies are trying to facilitate, advance concessions are untenable. We do not know if such advances of confidence will be repaid in kind. In fact they could lead the other side into a great temptation. Perhaps they take the same attitude as James, who said: "My brothers, whenever you have to face trials of many kinds, count yourselves supremely happy."

Defence preparedness and alertness are the prerequisites to détente and peace. On this score we appreciate Canada's major contribution within NATO. I wish to stress this fact here because I am told the province of Ontario accounts for half of Canada's gross national product and tax revenue, and greater Toronto for a quarter. And from the many budget debates in which I have taken part—if you will excuse the usual euphemism "debate"—I know what this defence contribution means to the taxpayer.

I am most gratified that the Canadian Government and we fully concur on the basic lines of our security policy. As you know, negotiations between East and West are currently taking place within two frameworks: the Conference on Security and Co-operation in Europe, the second phase of which is now beginning in Geneva, and Mutual Balanced Force Reductions. In the latter case the preparatory talks in Vienna have paved the way for the first round of negotiations in the autumn.

Both conferences, which are substantively connected with each other, could mean a major step towards improving the application in Europe of the principles of the United Nations. Our aim in this connection is to build bridges of co-operation between the two systems. We know that this is also the wish of the Canadian Government, which played such a constructive and valuable part at the Helsinki Conference and in the Vienna preparatory talks. We share the Canadian view that Canada's security increases in the measure as Europe's security increases. This maxim of inter-dependence is the source not only of Canada's interest in participating in European developments but also of our own interest in close co-operation with Canada.

The Atlantic Alliance has given our countries security in the present and confidence for the future. Our co-operation within the Alliance has been worthwhile. Storms and crises have strengthened the cohesion of our countries.

But the field of friendly co-operation between the Federal Republic and Canada does not end here. In various international organizations we have long maintained close bilateral relations in the economic, technological and scientific fields. The main area of this co-operation has been trade, which has reached a high level. Much of the credit for this goes to the Canadian-German Chamber of Commerce, which I am delighted to hear is represented here by its President and many of its members. All this is very gratifying and it can be made even better.

Canada has always been sympathetic towards European integration, but I know that the development of the Common Market, particularly since its enlargement to nine members, has created problems for Canada's government and economy. The Federal Government hopes that it will be possible to find solutions to these, too, by means of the existing machinery, and perhaps also on the basis of additional agreements. The solutions agreed upon must give Canada in its relations with the European Market the place which befits its growing importance and economic potential.

As you know, Canada is very popular with German investors. The difference between the situation on your labour market and ours as well as the new currency parities have further stimulated interest in industrial investment. Raw materials are another sector in which close co-operation is quite feasible. Other possibilities are afforded by the German-Canadian-agreement of 1971 on scientific and technological co-operation. Numerous projects, some already being implemented, others still in the pre-study stage, testify to the value of this agreement.

In the cultural sphere we hope to reach an agreement which will place our long-standing friendly relations on a contractual basis which can be developed further. There already exists a broad foundation for this in both countries in the form of generations-old personal and family ties.

Ladies and gentlemen, through our constant partnership in the face of international dangers, Canada has become a close and trusted partner to Germany. In recent decades two German rivers, the Elbe and the Werra, have been a far greater obstacle than the huge expanse of the North Atlantic. This feeling of proximity needs to be given substance. I say this as a German and as a European. We want to gain a more accurate picture of Canada and of its identity, and I feel that you too want to become more acquainted with Europe's aims and problems.

We shall be able to derive considerable gain from such thorough knowledge of each other: for ourselves, for our work and for all the tasks we have to accomplish in our neighbourhood. Your neighbours are ours, and your problems should be ours too. And therefore I am looking forward very hopefully to my talks with your Foreign Secretary, Mr. Mitchell Sharp. We have allowed ourselves two days for our meeting and we want to cover all subjects of common interest. As you see, this leaves out hardly any aspect of foreign affairs, for the future of our two countries leads through the solution of common problems and the surmounting of common risks to common goals.

Thank you, ladies and gentlemen.

Mr. Scheel was thanked on behalf of The Empire Club of Canada by Mr. R. Bredin Stapells.

OCTOBER 4, 1973

Canada's Potential and Our Political Will

AN ADDRESS BY The Honourable Alastair Gillespie, P.C., M.P., MINISTER OF INDUSTRY, TRADE AND COMMERCE

CHAIRMAN The President, Robert L. Armstrong

MR. ARMSTRONG:

Distinguished head table guests, ladies and gentlemen:

It is often stated, particularly by critics of government, that we need more business men in Parliament. Men who have proven their practical ability to succeed in business should be better qualified to govern than theorists, professional athletes and pure politicians. (In today's climate, pure may be an unlikely descriptive adjective to use in that context.)

We are honoured on this occasion to have as our distinguished guest speaker a successful businessman (I believe the only member of the Federal Cabinet who can be properly described as a businessman), who in his comparatively short career in Parliament has clearly demonstrated his ability to govern.

The Honourable Alastair Gillespie, a Westerner by birth, Victoria, B.C. being his natal city, defied the adage ''Go West young man'' but undoubtedly for the sensible reason that going West from Vancouver Island would take him right into the Pacific Ocean!

Before graduation from the University of British Columbia, Mr. Gillespie enlisted and served as a pilot in the Fleet Air Arm of the, then, Royal Canadian Navy. Following the war, he pursued his undergraduate studies at McGill University. He obtained his M.A. as a Rhodes Scholar at Oxford and later his M. Com. at the University of Toronto's School of Business.

In 1968 when Mr. Gillespie was elected Member of Parliament for the constituency of Etobicoke, he was President of two manufacturing companies and Vice-President of Canadian Corporate Management Limited, as well as a Director of several other companies. He resigned from these companies on his election.

Mr. Gillespie played a key role in the tax reform process as Vice-Chairman of the Commons Finance, Trade and Economic Affairs Committee from 1968 to 1970.

In October 1970, he was appointed Parliamentary Secretary to the President of the Treasury Board, and Minister for Science and Technology in August 1971. Re-elected in October 1972, Mr. Gillespie was appointed Minister of Industry, Trade and Commerce in November 1972.

In extra-curricular activity, Mr. Gillespie is a gentleman farmer and raises beef cattle. A story is told that the first shipment to market of several head of cattle almost resulted in disaster when the cattle got loose and the round-up procedure resulted in a substantial decrease in on-the-hoof avoirdupois.

When Mr. Gillespie first entered the political arena, he modestly states that it was common for people to say, "Alastair? Who is Alastair?" Now, after several years of exposure and being continually on the go, Mrs. Gillespie, attending a cocktail party recently was approached by a friend who said, "How's Alastair?" Mrs. Gillespie's response was, "Alastair? Who's Alastair?"

Our guest of honour is an avid participant in racquet sports, his favourites being tennis and squash.

I am proud to present to The Empire Club of Canada the Honourable Alastair Gillespie, who will speak to us on the subject, "Canada's Potential and our Political Will".

THE HONOURABLE ALASTAIR GILLESPIE:

Mr. Chairman, Mrs. Alastair Gillespie, distinguished members of the head table, old friends and members of the Empire Club. After that very warm introduction from your Chairman I feel slightly exposed. I feel that almost all my secrets are in public.

Well, today I want to let you in on a secret. I was going to talk about our booming Canadian economy. I was invited to talk about my recent trip to Japan. I was invited to talk about trade and I would love to talk about trade—after all our trade has never been better in the last thirty years than it is right now. Of course I would like to take credit for that.

I was going to talk about practical policies versus political posturing and while I realize that the Empire Club is a lot less partisan than the membership of the Etobicoke Federal Liberal Association it still has its partisans. There are some very distinguished members of this head table who I think would be regarded as political partisans and my remarks were going to be slightly partisan.

I was going to talk about the difference between the government's practical policies for meeting our responsibilities for the economy as opposed to the opposition's political posturing; in keeping, of course, with their interest in replacing the government. I was not going to be overly unkind to anyone, including Mr. Stanfield and his Conservative colleagues. After all this is a pleasant luncheon.

I was going to try, however, to show first that their postured alarm was just that and no more and that while inflation persists here, as in other countries, the Canadian economy is in good hands and in good health. No, I was not going to speak or break into a chorus of *The Land is Strong* . . . the truth of that song may now be obvious but I don't think the electorate, judging by the results of last year, took to the tune.

However, as the *Financial Post* recently editorialized on September 22nd, "For all the intimations that disaster must be headed our way Canada has never had it so good." The editorial went on to say that both this year and next year it looked very good indeed.

Now that would have been a great speech because Canada is in the middle of an economic boom and Toronto is leading the way. I have heard complaints by employers, for example, that they cannot find people to work in the Metro area and I believe it. Nearly everyone is already working. The actual unemployment rate in Metro Toronto is well under 4 per cent, closer to 3 per cent today, and what economists I think generally would regard as full employment. There are fewer people now registered at Manpower, fewer people drawing Unemployment Insurance and fewer people on Welfare.

For instance, the present Welfare case load in the Metro area is around 16,000 compared to over 20,000 at this time last year and 27,000 in 1971.

But in all honesty, a large part of our economic well-being must be credited to the world-wide economic resurgence. Canada more than others, more than other countries, must always remember the extent to which our economy as a great two-way trading nation is affected by the economic health of other countries. Just as we have pointed to other countries and their burdens of unemployment or inflation when Canada was experiencing similar problems, so we must admit we are doing well in large part because others are also doing well—but Canada is doing better.

Canada's inflation rate year by year and over the last five years is lower than most industrialized countries. Over 420,000 Canadians have entered the work force this year. Wage gains, while exceeding the inflation rate, have not been unreasonable. I would emphasize "while exceeding the inflation rate"—notwithstanding the headlines that some papers had yesterday—have not been unreasonable. Our short-term interest rates remain the lowest in the industrialized world. Our exports are setting an all-time record with the highest growth rate increase in 30 years. Our companies are making record profits and undertaking substantial plant and employment expansion and we are headed for a real growth rate of over seven per cent this year.

And we have not given up on inflation, not by a long shot, as our recent measures I hope have made very clear.

I had that speech prepared on the health of our economy, on

Canada's comparative advantages in this world-wide inflationary period and on the reasons why Canada would not have been well served by price and wage controls.

But I am not going to give that speech today. The speech seemed appropriate when I was in Ottawa: it no longer seemed as appropriate when I got to my city, when I got to my city of Toronto and I had a couple of days to walk around and reflect upon some of the things I saw happening and some of the things that I saw might happen in this great city.

I would like to take you back a little bit. In my capacity as Trade Minister, I have had the opportunity recently of visiting some of the world's great cities—Washington, London, Brussels, Tokyo. These are great cities, very impressive cities, but we can learn, I think, not only from their successes but we can learn from their mistakes if we have the wit and the will to do so. I think we are better off here in Canada than in any other place in the world. Think of cities like Chicago, Tokyo and New York . . . bustling but uneasy. We still have the time, I think, to learn from and avoid the mistakes that others have made. Our opportunity to build great cities and to forge a great nation has never been greater but it depends on one thing. It depends on political will: the determination to decide for ourselves what we will become, the determination to make choices according to our own values, the determination to set our own priorities in accordance with our own interests, the determination above all to be ourselves. The realization of this national potential will increasingly depend in this period of rapid change on our ability to resist the pressures of short-term expediencies in favour of long-term answers.

That is why I think the government's decision to extend the pipeline to Montreal and to adopt the principle of a two-price system for petroleum products is so important. That is why I think the government's decision to support our secondary manufacturing and processing industries is so important. That is why the government commitment to extending our economic advantages to all regions of the country is so important. That is why the government's decision to give French-speaking Canadians equal opportunities to deal with their Federal Government in their own language is so important. That is why the government's commitment to give Canadians greater participation in and control over their own cultural and economic life is so important.

But, ladies and gentlemen, let us not delude ourselves. The kind of Canada we want won't just arrive or come into being by itself. We have got to be prepared to make some decisions, some decisions now with benefits to be realized rather later. That is not easy, that goes against the built-in bias of the political system. It also goes against the base of technological change, and social and political change too, because they have increased the pressures on governments for instant answers and instant results. These pressures to produce now, I would say, have immensely increased the difficulties of decision-makers who want to concentrate on building a stronger and more distinctive Canada.

I would like to mention particularly four obstacles. They are not an exhaustive list by any means, they are a partial list. There are four obstacles and I think they are very important obstacles which we have got to overcome if we are to build that kind of better, stronger, distinctive Canada which I think Canadians want and I think all Canadians know they are well involved in right now.

I want to go over these four obstacles with you. The first one is stated in these terms: in urban Canada too often the inclination of planners and developers and city councillors is to forget that cities are for people. Now that may sound like an awful cliché, a well-known cliché to you; but if it sounds too simple ask yourselves how many high-rise developments have a human dimension. Some . . . but an awful lot don't measure up.

That is why the recent changes produced by my colleague the Minister of State for Urban Affairs Mr. Basford, to protect and improve the character of local neighbourhoods, is so important to a great city and that is why I think the decision of the Toronto City Council to take a new look at high-rise development over the next two years has so much potential significance if properly followed through.

Perhaps another way of stating the first of my four obstacles is to say that too often our priorities have placed development for the few ahead of the interests of the community.

Let me take another example. I am thinking of the Toronto waterfront. I think it is an excellent example. The waterfront in Metropolitan Toronto is clearly one of the City's great potential natural assets. Does anyone really disagree? I doubt it. There are few cities that have this kind of natural advantage. Certainly the developers have long recognized those assets. They have known them for years and have been busy planning bigger and more elaborate structures to capitalize on them. They were not bothered very much by the thought that they might be curtaining off in concrete a view of Lake Ontario which should belong to us all. Little did it seem to matter that we were allowing our prime lands and waters to be reserved for those lucky enough to be able to pay the price.

That is why the Federal Government's decision announced a year ago, to provide the land and water lots for the central area of downtown Toronto in my view is so important. That is why it is so important we exercise some caution against this almost remarkable growth to make sure Toronto's growth is compatible with the interests of the people who live here.

I know that for many years we will be assailed for that decision, and I hope that as the years unfold and as the realization of the potential of that waterfront unfolds more and more people will get excited about it and more and more people will want to take a part in planning it and in saying what kind of a waterfront they want, a waterfront with a human dimension.

When it comes to talking about the obstacles we must overcome to realize our potential, my second concern could be put in these terms: it is the all too human preference to choose the expedient solution over the long-term answer.

Now Metro Toronto is the fastest growing urban centre in North America, probably one of the fastest growing centres in the world. Look around you. If you choose to ignore that fact then it is easy to justify doing nothing now about the future air services that come with the size and importance of this region.

One thing in my view is clearly predictable. We are going to need an additional airport to provide for the future growth of this region. Do we wait until it is too late before we make that decision or do we act now when it is clearly, as I say, evident? Right now there is little enough appropriate land but think how much less land there would be in ten years and how many more people would be dislocated and how much higher the price in terms of human discomfort and human dislocation as well as the cost of land.

How can we conscientiously, speaking now as a government, how can we conscientiously side-step the responsibilities of beginning now to prepare to handle properly the volume of air traffic we know will be coming to Toronto?

My colleague, the Minister of Transport Jean Marchand, tells this story. When he was Minister of Regional Economic Expansion he used to think Canada was a very complicated country. There were the Maritime regions and the Maritime interests. There were the French-speaking interests and there were Quebec interests. There were Ontario interests and Northern Ontario's interests were different from Southern Ontario's interests. The people in Western Canada had different interests than the people in British Columbia. We were a very complicated people. There were a lot of different people. Ever since he has become Minister of Transport he has realized one thing very clearly. There are only two kinds of people in Canada: there are those who are for airports and those who are against them.

Politicians, who are after all human beings, love to make those decisions in which the public realizes an immediate benefit. Those are the kind we really like. We become heroes and we put off when you are going to have to pay for it. The benefit is now and sometime later the accounting. It is a sort of ''Fly now—Pay later'' approach to life; but decisions on things like airports for the future I think have to be made now. Building airports for future traffic won't fit that formula of ''Fly now—Pay later''. They are the very reverse. No immediate benefit, no immediate benefit but a substantial immediate cost in terms of dislocation of people, and substantial political cost in terms of the disfavour you incur with various groups in a society.

Long-term planning and taking decisions of those kinds is the very reverse of the classic political decision-making process. But that is not a reason for turning aside, and I would say that on the contrary, because of the rate of change, we are going to have to be involved in many more of those kinds of decisions and that requires political will.

Do the citizens of great cities like Toronto really want their political representatives today to duck their responsibilities for tomorrow for the future inhabitants of Toronto? Do they really want their political representatives to take the deceptively easy route, the political safe way; or do they want them to help to preserve the essential character of their neighbourhoods and protect their natural assets such as the waterfront? Do they want Toronto to be the most livable as well as the most exciting city in North America? Or would they let it become, as some other cities are now, nothing but a sullen casualty of the greatness that might have been?

Ladies and gentlemen, the third obstacle, as I see it, to realizing our potential, can be described as that defeatist colonial attitude where Canadians think others can do anything better. It can be stated in these sorts of terms: we can buy cheaper in Europe or Japan or the United States, so why should we try to compete?

This idea that Canadians cannot compete comes into play in all sorts of situations. I think it affects many of the most important gut issues facing Canadians in the future, such as industrial innovation and cultural identity.

It suggests to me a terrible lack of recognition or lack of faith in the competence of Canadians to develop themselves and their own country. It is largely a legacy of the past but it still persists. It can do more to deflect the positive growth of Canadian industry and Canadian identity than perhaps any other attitude.

I want to give you two examples. I want to talk about CANDU. CANDU is the Canadian engineered and Canadian produced nuclear power reactor. It is now claimed as one of the world's most successful nuclear power reactors. The Pickering plant, for example, is producing more power than all of Canada's hydro plants at Niagara Falls. It is producing power cheaper than any other nuclear power plant in the world. It is working well now but it was not without its detractors as it tried to get started. The fainthearted said it was too much of a gamble. Why spend money on a Canadian system when we can buy the technology risk-free from the Americans?

Clearly if Canadians buy that argument they will end up buying everything from others and buying nothing from ourselves. If we take that approach and apply it to other industries we will be selling out our chance to build our own kind of Canada. That attitude would mean that we will never develop anything ourselves, at least nothing on the frontier, nothing that is exciting, nothing that is reaching into the future, nothing which is on the edge of new knowledge.

Why are we educating young people in universities if we are not prepared to back up our faith in them with opportunities related to new technology, related to new ventures? If we take that attitude we are never going to build anything very distinctive. The CANDU, I think, is an example of Canada's ability to compete.

As I have said in many speeches we will not put a wall around Canada. We can compete, we are competing now. However, we will have a long time still to compete with that colonial attitude.

The second example I want to give of this particular attitude is in the programming of our radio and TV stations. Canadian programming on television and radio is I think a good example. It has always seemed cheaper and safer to buy whatever some other country had been watching or listening to. After all we could always say well, it has been tested, hasn't it? It was not too difficult to justify this arrangement. Not long ago you could say well, the imported product may have lacked something for Canadians but, my God, the Canadian product did too. But the CRTC, the Canadian Government Agency concerned, persevered. It stuck to its commitment and over the howls of anguish of station owners it watched as more good Canadian products were being enjoyed by more Canadian viewers and listeners than ever before.

I am not saying that all Canadian content has been good, but a great deal has been good and more of that is coming. My experience has been that most Canadians enjoy seeing or hearing their own culture over their own airwaves.

Here again there were so many that thought it could not be done because it was being tried by Canadians.

A fourth obstacle to realizing the potential of Canada to our growing sense of Canadian national identity that I think we must overcome is the foreign domination of our industrial and commercial institutions. I am not going to repeat the catalogue. You know it. Close to 60 per cent of all our manufacturing industry is foreign controlled. Many of our industries are almost totally foreign controlled. Canadian industry has a larger proportion of foreign control than that of any other country in the world; or to put it another way, Canadian industry is more dominated by the decisions of foreign parents than industry anywhere else in the world.

Canadians no longer feel very comfortable with that fact. Canadians and the Canadian government are determined that Canadians should have greater participation in and control over their own future development. That is why the Foreign Investment Review Act now before Parliament and awaiting third and final reading is so important. The government is asking Parliament for the power for Parliament and the government—it does not now have the power—to screen a proposed take-over of any existing Canadian enterprise and subject to certain rules to screen proposals for the establishment of any new business in Canada by foreign interests.

Under the Bill the test for the allowance of a foreign investment is significant benefit, significant benefit to Canada. If significant benefit can be demonstrated or negotiated then the investment will be allowed. If it cannot be demonstrated or negotiated then the investment will be disallowed.

In my view, significant benefit is a central principle not only to the Foreign Investment Review Act but to the development of Canada—significant benefit, a positive thrust. But the voices are still being raised against this principle. They are the voices sometimes of the vested interests. They are, in my view, the voices of the faint-hearted. They say that they would prefer the test of "No detriment". I do not think that they really understand what is at stake here. The idea of the test of no detriment instead of significant benefit I think is crucial. It is clearly not acceptable to the government or to the Canadian people to go no detriment. We have taken a position in favour of significant benefit to Canada.

Surely Canadians should benefit by being here just as others benefit by coming here. Ours is a constructive nationalism, a positive Canadianism. I think it conforms with the views of Canadians who want to build a stronger and more distinctive and a better country with a distinctive identity. We won't get these things done without a determination to look out for our own best interests. We won't get these things done with a faint-hearted or wishy-washy test of no detriment.

Can you imagine trying to negotiate a better deal for Canada on a test of no detriment? It all reminds me of the guy who seeing some stranger approaching his house opens the door and says, "Say, Mister, move into my house but please don't hurt my family." Instead of: "You are welcome but you are expected to contribute something to our household."

Canadians insist that future foreign investment attracted by our tremendous potential comes in only if it contributes significant benefit to Canadians. It is significant benefit to Canada or no go.

I think it is fair to say that the Foreign Investment Review Act is an investment in Canada's future.

Mr. Chairman, this takes me back to my starting point, which is to look forward to building a strong Canada, a distinctive Canada and a positive Canadianism. It is a question of political will, no more, no less. It is a challenge to take the natural advantages we have, our natural and human resources, and have the political will to make the necessary decisions to develop them in our own best interests. Each time we exercise this political will it becomes easier because we are building on something that we have already begun. Canadians alone have the choice and the chance to build Canada, a stronger, better, distinctive Canada. No one else has.

Thank you very much, Mr. Chairman.

Mr. Gillespie was thanked on behalf of The Empire Club of Canada by Mr. Joseph H. Potts, C.D., Q.C.

OCTOBER 11, 1973

The Future of the North

AN ADDRESS BY Pierre Berton,
AUTHOR, JOURNALIST, BROADCASTER

CHAIRMAN The President,
Robert L. Armstrong

MR. ARMSTRONG:

The following quotation from *Drifting Home*, the twenty-first book written by our guest of honour, pays eloquent tribute to his extraordinary ability to communicate with his readers. It describes a brief portion of the journey in 1972 which he and Mrs. Berton and their family of seven took in three rubber rafts down the Yukon River system, one of the world's last great wild rivers, to Dawson City, the place of his birth. I quote: "As we set off down the lake, the morning is bright and the water is calm. All of these lakes are exquisite when the sun shines. The colours change constantly from Nile green to deep purple and the surrounding hills change colour too, depending on the mood of the weather. Today they are shadowy blue, blending imperceptibly with the frost blue of the sky. The occasional cloud scuds across the mountain tops, its shadow turning the slopes violet. The flanks of the mountains are scarred and pitted by glacial fans and spangled with silver threads of cataracts that hang suspended from the upper ledges. Ahead of us a flock of merganser ducks scoots up from the water and settles again a hundred yards away. Little spotted sandpipers skitter along the banks. Sometimes in the sky we can see a kestrel wheeling and later on a bald eagle is spotted diving for a fish." End of quotation.

How picturesque and fascinatingly descriptive. This prose is pure poetry.

I should like to insert here a brief but interesting anecdote concerning an incident that happened to the Berton family about the seventh or eighth day of their journey and in the vicinity of Selkirk. It turns out that another couple were travelling the same route and Mrs. Berton, being close to their boat, called to ask where they were headed. The man said, ''My wife and I read a book called *Klondike* written by a Pierre Berton and were so fascinated with it that we decided to take the trip ourselves.'' Mrs. Berton, pointing to her husband in one of the other boats, said,''That's the guy over there who wrote *Klondike*.'' It turned out that the gentleman involved was a prominent New York City banker and the families are now great friends.

But it is not only through his books, of which the best known are probably *The Comfortable Pew, The Smug Minority, The National Dream* and *The Last Spike,* that Pierre Berton communicates so well. He is famous in theatre, television, radio, films, newspapers and magazines as well. His name is a household word to Canadians. He has won three Governor General's Awards for his books, two National Newspaper Awards, a Canadian film award and the Stephen Leacock Medal for humour.

Pierre Berton, whose father travelled from Saint John, New Brunswick in 1898 to paddle down the same Yukon River in the Klondike Gold Rush, has an abiding love for Canada and particularly, the North.

I am pleased to present to this audience Mr. Pierre Berton, who will speak on the subject, ''The Future of the North''.

Mr. Berton.

MR. BERTON:

Mr. President, guests, ladies and gentlemen. It is quite true, as your President has indicated, that I came from a very strange town, although I was not aware of that when I lived there. I don't suppose any of us really is. Dawson is unique; there is nothing like it anywhere in the world. But I did not know it was unique, and I must say until very recently I never thought of it in that way. Yet when I think of it now, I realize what a strange upbringing I had.

I lived in the days before the airplane, in fact, I can remember the first airplane to come to Dawson. I remember the native children trying to catch it because it was a butterfly and then coming to school the next day with perfect airplane models they had carved out of sprucewood. I can remember the sternwheel steamers, three at a time, lined up against the bank of the Yukon River. They do not exist anywhere in the world today. I can remember when 25 cents was the smallest coin we knew. I had never heard of a dime, a nickel or a penny, and milk came around in beer bottles with corks in them—when there was milk.

My background was historical. The ghosts of the gold rush walked the wooden sidewalks of the little town of Dawson City, and we lived with the memories of old men who had been young men and had gone over the trails and down the rivers.

I remember hearing about Diamond Tooth Gertie. My mother knew her. She literally had a diamond in place of a tooth and it served her in good stead many times I think. And there was Cad Wilson, who wore a belt of matched nuggets. There was always one missing and whoever was dancing with her would say "You have a missing nugget, let me replace it"; and the next day a nugget would be missing again for the next dance. And the lady named Nellie the Pig—there were two versions of how she got the name. One was because of the shape of her nose, but the other—and I think this is the correct one—that she once bit off a bartender's ear as a keepsake.

But there was more to it than that. I lived in a house under a wooded hill, and I knew that from my back door, through that hill, all the way north across the Arctic Circle to the cold ocean there was nothing but trees, rivers and rocks—scarcely a human being and probably no white men at all. I lived with the wilderness; it was all around me; and I have no doubt, looking back at it, that this had a great effect on me.

We lived in an area where the caribou came through by the thousands twice each year; where you could pull fish, big fat grayling, out of the Klondike River; where the salmon moved upstream by the thousands at spawning time; where you could take any island you wanted in the river, if you had a boat, and camp on it without asking anybody all summer long.

I took that kind of background for granted and it was not really until I began writing about that country that I realized that it has had a great deal of effect on the kind of person I am—for good or for bad. But then I wonder if that is not true of all of us? We are all shaped by our environment and it is a theory of mine that one of the things that makes us a distinctive people, and I am certain that we are different from any other people in the world, is the presence of this great northern wilderness bearing down on us. Ninety per cent of us live within 200 miles of the American border, but there is not one of us who is not aware of the presence of the North. Every foreign observer who has come here has made that point. André Siegfried, years ago, called it "a window out onto infinity".

This great sombre backdrop, I think, has affected our personalities and our temperament. It has made us different from the people to the South. I don't think you can live with the flat, metallic lakes, the brooding firs and pines, and the great expanses of gray rock that stretch all the way from Yellowknife to Labrador, with the naked birches and the rattling aspens, with the ghostly call of the loon and the haunting cry of the wolf, without being a very special kind of person. It is no accident that one of our best known paintings by one of the Group of Seven is called *The Solemn Land*.

I think the North and the presence of the wilderness have helped to make us a more private people than some others. I think it has made us reticent and thoughtful. I think it has made us careful, sometimes too careful. These are qualities that you see in the North and you see these qualities transmitted right through this country.

Someone wrote, I think it was William Henry Chamberlain, that the presence of the North has bestowed upon us "a sensation of tranquility". If it has, I am all for it.

We are just beginning, I think, to realize that this is one of the assets that we have in this country, a much greater asset than we thought. We have begun to think of the North in broader terms than we have in the past. I must tell you that this was brought home to me forcibly on the trip your Chairman mentioned that we took down the Yukon in 1972. We were like dots on the broad expanse of this great wild river, which rolls on for 2,200 miles. We could go for an entire day without seeing any other form of human life, white or native; only the eagles wheeling in the sky, and the animals; the moose feeding in the swamps, the odd grizzly on the hillside and an occasional lynx. (We saw one sitting on the edge of the water and he stared at us uncomprehending. We realized that the lynx had never seen a human being before.) And the ghosts of the past in the form of little ghost towns all the way down.

As we were drifting down the Yukon, I remembered some years ago writing a piece about a hydro development that had been planned for the North. They were going to take this part of this beautiful river, dam it up, and make a big lake covering most of the country I have described—trees, little ghost towns and all—and run it backwards through channels bored in the coastal mountains into penstocks on the American side to provide power for electrochemical or metallurgical industries.

I must say that in my naiveté, fifteen years ago, I did not particularly question that in any kind of critical fashion. That was before I had seen what was done to Tweedsmuir Park by the Kitimat operation, where they drowned half of a National Park, made it impossible to get to the shoreline whether you are a human being or an animal, where the trees form a rotted mass of garbage for hundreds of feet out from the shore because they have raised the water levels there.

As I thought of that hydro development and its twelve million horsepower I told myself: ''It's not worth it! No amount of hydro electric power is worth the savage destruction of this beautiful country.'' But then, you see, until very recently—and I am afraid to a large extent it is an official attitude today, and certainly an industry attitude—we have thought of our North in terms of plunder. It has always been a country of boom and bust, and I know this very well because I was raised in a mining town. Once the plunder is gone, once the gold is torn up from the ground, there is nothing left for people except one thing: the call of the land itself.

I think the future of the North lies in something much more permanent than plunder. I think it lies in the presence of the land largely untouched and its history.

The Canadian Arctic Resources Committee, a small group in Ottawa, which as far as I know is the only independent Committee holding a watching brief on behalf of the public as far as the North is concerned, has recently commissioned a study of the North. It has not been published and it has not been made public but they have given me permission to quote briefly from it. This study makes clear what I think most Northerners have known for some time: that Northern Canada, up until this time, has been treated as a colony of Southern Canada and is viewed largely as a resource hinterland for the great metropolitan centres of Southern Canada (as indeed the prairie country was viewed at the time of the building of the railway as a colony of Montreal and Toronto).

To a very large extent this vast country, the territorial parts of it, is run mostly by civil servants under the Territorial System of government. Ottawa owns and controls most of the land and its resources because most of the land is Crown land. It cedes some of the surface rights to the Territories but it holds the sub-surface rights in the palm of its hand.

The Yukon and the Northwest Territories are governed by regulations that do not have to be examined by Parliament and are not examined by Parliament, and the evidence of the past certainly has been that the regulatory bodies have considered any public discussion or critique of this system as both meddlesome and officious.

Last February the Chairman of the Canadian Arctic Resources Committee, Douglas Pimlot, wrote the Prime Minister of this country asking that the public, and especially the Northerners (and that includes the native population), be involved in the development plans that are going on in Northern Canada with special reference to oil exploration and the construction of oil pipelines. I will quote you a paragraph from that letter. He said:

> ''Neither the petroleum industry nor the government has sought the considered views of the public and there is no intimation they intend to do so. We suggest this is a serious misjudgment of the mood of the country.''

He asked for a meeting to go into it more deeply. That was eight months ago and the letter has yet to be acknowledged.

You see what concerns most of us who care about the North is that the rights of the Northerners and the problem of the environment—twin concerns—have until now been made subservient to the demands and the pressures of industry.

We in this country still tend to operate on an ancient assumption that goes back to the days of Columbus, that those who can make the most economic productive use of the land and the resources have a superior right to them. We always move the native people whenever we think it is economically necessary (not for them but for us). There is so much evidence of this from all the past that I don't think I need to repeat it to you here.

The authors of the report I have just referred to quote a talk by an Assistant Deputy Minister of Indian Affairs and National Development—a speech in which he refers to the rights of peoples, or lack of rights of peoples. He said this: ''Here are 200 people who wanted a ranch of 40,000 square miles and under that ranch we felt there might be some valuable resources that could benefit the same people.'' In this case they felt that tearing up the ground to get at the minerals was more important than leaving these people on the ranch.

The authors pointed out that there are very large cattle ranches in the Province of British Columbia, owned by white men, from which the natives were driven years ago. They are cattle ranches today because that is the highest order of use that could be conceived of for them. You see, every time we move in on the natives we say we do so because we believe in the greatest good for the greatest number. We say these resources belong to all the people, but in doing this we come very close to operating what has been called the tyranny of the majority. There is not much difference in these past examples than there is in the Soviet Union, where huge hydro-electric developments are taking place in Siberia; or in the State of Brazil where, to the detriment of the native peoples, highways are being pushed right through lands which up until now have been, I would say, the moral property of other races.

But it is not just the native rights we have to be concerned about, it is the land itself. I think the next few years are going to be absolutely crucial to the future, not only of the North but also to the future of Canada. I think that Northern issues have to be given much greater priority than they have and must be the subject of much wider discussion. You see we are very, very lucky because up until now about eight-tenths of our country is relatively unspoiled. I must say I winced when, floating down the Yukon out of Whitehorse, I saw that great mountain of garbage toppling from the high bank into the Yukon River and polluting it for a hundred miles; but rivers can clear themselves up very quickly if we take steps to let them do that.

If you travel the North you will see that we have not yet loused it up. That is nothing but an accident of history—it has been too far away and too expensive to get there. But we haven't yet done to the North what we have done to the South. So there are no costly roll-backs involved in preserving this last great wilderness. Thus we can profit by the mistakes of other people, by the mistakes we have made, and the mistakes that have been made in other countries.

We have to remember that the North in many areas is very fragile. Let me give you a couple of examples of what I mean. Things grow very slowly in the North. Up in the tundra around Coppermine I saw little vines about as thick as my little finger. They were actually birches and willows. If you cut through these vines and put them under a microscope you will see as many as 50 to 100 rings. That is how old they are and that is how long it takes them to grow. There is an even more dramatic example from history which I like to quote. When Leopold McClintock in 1853 was searching for the lost Franklin Expedition, and travelling across the tundra with its lichens and mosses, he came upon a set of cart tracks so fresh looking they seemed to have been made the previous day. But he knew that those tracks had been made by Sir Edward Parry, another Arctic explorer, thirty-three years before. Hardly a speck of moss had grown over them.

Refuse, garbage, human excrement take a long time to rot in a cold climate. The problem of pollution in many areas of the North is far more fearful than it is here.

We are now faced with the whole question of the giant pipeline coming down the Mackenzie Valley, and we have in this country a chance with that pipeline to build a model for the development of the rest of Canada. I am not suggesting that we do not build the pipeline, but I am suggesting that we look before we leap and that when we do, or if we do, we learn something from the past and from the present because we have some horrible examples.

One is the James Bay project. It's a mess. It's in dispute in the Courts, and it's quite clearly an example of not only poor planning but probably lack of planning. It is also an example of something else and this, I think, is my key point today, ladies and gentlemen: that is the ability of regulatory bodies and agencies of provincial governments to effectively close all avenues of public participation and to keep all information tightly sealed. The idea that the public should have any rights is a novel one to government. It has always been a novel one to bureaucracies, and I suggest that we have to get out of this secrecy syndrome or we will stumble on from one debacle to another in the hinterland.

Nobody is suggesting, and I am certainly not, that all resource development be stopped in the North of this country. I am simply suggesting we start looking first and leaping second.

The CARC, the Canadian Arctic Resources Committee, is very strong in the belief there ought to be a forum for discussion that is independent of government and that is independent of industry (there is not one at the moment), that could add its voice to future planning.

I have seen a great deal of this North country myself, not just the Yukon which is my home country and which I return to from time to time, but the whole of the North.

I have seen one of the most beautiful lakes in the North, Kluane Lake, where there are measurably nine different shades of green and purple from the margin to the centre.

I have seen the St. Elias Mountains, the highest on this continent, and the Great Nahanni Valley with its mile-deep gorges and its waterfall twice as high as Niagara, which is now, thank God, a National Park—saved at the last moment from the oil interests.

I have seen the Great Mackenzie Valley and the fantastic sight of the Mackenzie Delta, one hundred and fifty miles of wriggling channels and little ponds. I have seen it from the air at sunset. Somebody once described it as a giant mirror splintered into ten thousand pieces shining up at you.

I have seen the Arctic islands with their caribou and reindeer. I have seen those geological and alluvial oddities with the elfin names: Pingoes and Polygons and Eskers and Drumlins.

I have seen the herds of muskox moving across the Barren Lands.

I have seen the remnants of the ice age which are still there to be seen and nowhere else in this country. We have covered them over or chopped them down.

I have seen the Yukon freeze up in the fall and I have seen Hudson Bay break up in the spring. I have seen Baffin Island and the Torngat Mountains of Labrador and the Arctic islands.

I don't want to see this beautiful country trampled over or exploited or wrecked haphazardly. As you know, we regret that we made so many mistakes in the South. Well, we now have the chance to profit by those mistakes in the North.

We have the one thing that people all over the world are crying for: we have open space, wilderness space, wild rivers. Gold, base metals, copper, oil are all depleting resources but a river goes on forever and so does the tundra if we don't stamp all over it. There is so much we need to know about this country before we plunge into it blindly.

We haven't really taken a wildlife inventory, we haven't done the forest regeneration studies that are needed, or the soil studies or the land use studies. We don't really know what to save, or what to exploit, or where we should do these things. We have a priceless asset but it is a perishable one. Undoubtedly a good deal of it has to be made available for exploration, for mining, for forest development, for agriculture, for hydro power and for tourists too (something we sometimes forget) but not all of it. I think a lot of it should be left alone, certainly for the present, or kept for the people who had it first.

It has always seemed to me, and I was raised with them, that the native peoples realized long before we did what the true value of this country is. I always like to tell the story of the Dog Rib Indian and the Oblate Priest. The Dog Rib Indian said to the Priest, "Tell me, Father, what is the white man's Heaven?" And the Priest replied, "It is the most beautiful place in the world." Here is what the Indian said. He said "Tell me, Father, is it like the land of the little trees when the ice has left the lakes? Are there great musk oxen there? Are the hills covered with flowers? There will I see caribou everywhere I look? Are the lakes blue with the sky of summer? Is every net filled with great, fat whitefish? Is there room for me in this land, like our land, the Barrens? Can I camp anywhere and not find that someone else has camped? Can I feel the wind and be like the wind? Father, if your Heaven is not like all these, then leave me alone in my land, the land of little sticks."

And if you set that to music it might make a pretty good National Anthem.

Mr. Berton was thanked on behalf of The Empire Club of Canada by Mr. G. E. Peter Eastwood, C.D.

OCTOBER 22,
1973

The Interdependence of Nations and the Peace of Canada

AN ADDRESS BY Mr. Emile Van Lennep,
SECRETARY-GENERAL OF THE
ORGANIZATION FOR ECONOMIC
CO-OPERATION AND DEVELOPMENT

JOINT MEETING The Canadian Club of Toronto
The Empire Club of Canada

CHAIRMAN Henry E. Dynes, President,
The Canadian Club of Toronto

MR. DYNES:

Ladies and gentlemen, it is a pleasure to welcome you to the first joint meeting of the current season of the Empire Club and the Canadian Club.

Our speaker today, Mr. Emile Van Lennep, is Secretary-General of the Organization for Economic Co-operation and Development, or OECD.

Mr. Van Lennep, with a background in law, banking and international finance, has had a unique career. Beginning with the Foreign Exchange Institute of The Hague, he progressed through positions with The Netherlands Bank and as Financial Counsellor to the Netherlands High Commissioner in Indonesia.

He has been associated with OECD since the days when it was being formed to take over the Marshall Plan. Beginning in 1961, when OECD officially began its operations, our speaker has occupied increasingly responsible and sensitive positions. In 1969, he became Secretary-General of the OECD.

Most of us have heard of the OECD, but the very wide scope of its interests may surprise you, as it surprised me.

As its main responsibility, OECD works toward liberalization of international trade. Under this heading, the organization "has an important role to play in analysing and consulting on international monetary, trade, investment and related economic issues." The words are from Mr. Van Lennep's introduction to the annual report of the OECD for 1972.

Here in Canada, we would call that a full plate. But the OECD is active in other areas as well, including the important issue of pollution. Mr. Van Lennep has recommended that member countries endorse "The Polluter Pays Principle." This idea holds that it is the polluter who should bear the cost of anti-pollution measures.

Last year, Mr. Van Lennep began within the OECD a long-term assessment of energy trends and problems on a world basis. To that end, he co-ordinates five major working bodies of the OECD.

Somehow, our speaker finds time for golf and is a keen and accomplished golfer. He is equally an avid worker who constantly searches for new ideas and new approaches.

His international work has been recognized by honours which include, among others, Knight, Order of the Netherlands Lion. Ladies and gentlemen, Mr. Emile Van Lennep.

MR. VAN LENNEP:

Let me first say how honoured I am to be your guest today. If I am to use this occasion to address some remarks to the subject of "The Interdependence of Nations and the Place of Canada", I should perhaps begin by briefly presenting the Organisation for Economic Co-operation and Development.

Almost exactly twelve years ago, on 30th September, 1961, this Organisation, the OECD, came into being as the direct successor of its parent body, which had a confusingly similar set of initials. This was the Organisation for European Economic Co-operation, OEEC, which the European countries had founded in 1948 to allocate Marshall Plan aid. They launched in this way the process of a joint endeavour to restore their economies in the aftermath of the war. Canada and the United States were associate members of this European organisation. The generous and constructive Canadian contribution to the success of this venture will not be forgotten. Here, for the record, I would also like to pay tribute to the benefit which the Organisation derived from the quality and ability of the first Canadian Permanent Representatives, notably Ambassadors Sydney Pierce, Arnold Heeney and Jules Léger, and also Mr. Peter Towe, whose return last year as Ambassador has been so widely welcomed. As further evidence of the positive interest of the Canadian Government during the Fifties, mention should be made of the work of Ambassador Wilgress, whose Report on ‘‘Co-operation in Scientific and Technical Research’’ led the way to the systematic study of Science Policy in our Member countries and the first Ministerial Conference ever to be held on that subject in 1963.

In 1961, Canada and the United States became full members of the OECD. Japan joined in 1964, Finland in 1969, Australia in 1971 and New Zealand in the summer of this year.

What is it, we are often asked, that our 24 countries have in common? In the (not very elegant) parlance of the United Nations, the world is divided into three: countries with developed market economies, countries with centrally-planned economies, and the developing countries.

As a matter of convention, then, we—the OECD—are generally thought to be approximately the first group, the developed market economies.

But getting away from this static jargon, our Organization's members have the following characteristics:

—They are certainly highly developed and industrialised, almost all of them.

—They are highly liberalised as regards trade and capital movements and integrated as regards their monetary systems, as compared to their relations with the developing or Sino-Soviet countries; and from this stems the basic ineluctable fact that they have to co-operate together on the whole range of economic policy issues, and OECD is the main place to do it: (i) on a day-to-day basis, and (ii) in an integrated manner across the whole range of economic policy issues.

— Some tend to say they are a "richman's club": I would prefer to distinguish a group of countries which supply ninety per cent of the world's development assistance, and which have been prepared to work constructively together towards a coherent and sympathetic approach to the economic problems of the developing countries.

— They are "market" economies, so says the jargon. The fact that we have market economies is perhaps the most important thing we have in common—but it is also the most easily misunderstood. We have market economies because we have learnt that, other things being equal, the price mechanism is the most flexible and democratic means for achieving an efficient allocation of resources to satisfy individual material needs. But we have also learnt that the market economy requires enlightened and sophisticated management, and that action by the public authorities is needed to regulate and complement market forces in order to ensure high levels of employment, an equitable distribution of income, the protection and conservation of the environment and, more generally, a steady improvement in the quality of life.

Now we all know that to intervene in the market mechanism, to further these wider objectives while reaping the maximum advantage from the efficiency of the price mechanism, is far from easy. Public intervention needs to be carefully designed to achieve the desired objectives, and vigilance is essential to ensure that action in favour of particular interests is not unduly detrimental to the general interest, either at the national or at the international level. Because this is a common problem for the "market economies", it lies at the very centre of the work of

OECD. Indeed, I would say that ninety-nine per cent of our work concerns the exchange of experience and the elaboration of lines of action on how best to reconcile the efficiency of the market mechanism with economic and social objectives. In many cases, it is mainly a question of learning from each other about the best way of tackling domestic problems. But to an ever-increasing extent national policies in different countries interact with each other through trade, capital movements, migration and also ''demonstration effects''. This is, I believe, the basic reason why the twenty-four member countries of OECD, including your own, have found the Organisation useful to them.

Against this background, the two general themes I would like to stress today concern first, the major changes that are at present under way in our economic systems, which, collectively, stand to be recognised as a turning point in the economic history of the post-war period.

These changes are seen in the international monetary reform under negotiation; the new round of trade liberalisation negotiations opened in Tokyo in September; the questioning of old concepts of growth and development, and the rise of the environmental factor; the so-called energy crisis; the rise of Japan as a major economic power; the enlargement of the European Community; the major diplomatic initiatives opening up bilateral relations between our OECD countries and Russia and China; and the proposals for reassessment of relations between the United States, Europe and Japan.

During this period of transition, it is natural that the past traditional fabric of international economic co-operation is being questioned. There are some who are tempted to argue that our changing world implies that the very concept of international co-operation is made obsolete. From our vantage point at the OECD, and this is my second theme, we are particularly well placed to observe and assess the changing international economic order. We see the required response as anything but a return to unilateralism, or even bilateralism, and I will be developing some examples in a moment. More generally, the task is to recognise how the structural changes at present at work imply the need for new solutions to old problems that now appear in a guise different from before, for example, international monetary and inflation problems; and solutions to new problems, or at least problems that now pose themselves with increasing force, for example, in the areas of income distribution (between and within nations), energy, and the environment, to take three of them.

In virtually all of these problems, we see clearly the links between today's immediate problems and longer-run goals, the inter-relations between the problem areas, and the need for internationally coherent solutions as opposed to a return to unilateralism, which would aggravate the collective problem.

May I now dwell in a little more depth on the two areas of immediate and urgent concern to all OECD member countries, the reform of the international monetary system and the problem of inflation.

As the reform of the international monetary system is being laboriously (I am afraid, necessarily so) worked out, we are witnessing an experiment in the widespread floating of exchange rates. At an early stage in our present experience, there was much, almost euphoric, welcoming of the freedom of floating. Now, with the advantage of almost two years' experience, some more balanced perspective is emerging. Certainly, we remain free of the excessive rigidities of the Bretton Woods regime, which collapsed because the old adjustment process was inadequate, and because of failure to agree upon a new system. On the other hand, we have begun to perceive that the problems of generalised floating are much broader than those perhaps seen from earlier Canadian experiences of unilateral floating in a general fixed exchange-rate system. Our "broader problem" must surely focus on doubts as to whether "the free market" may not, for example, exaggerate exchange-rate changes in some circumstances, or whether there is not a new and different set of inflationary dangers inherent in a floating system. I will come back to this in the context of commodity prices in a while.

The only conclusion, then, that I would like to draw today as regards the international monetary system, is that those who thought our new system should and could consist of a resort to free and unconstrained generalised floating—displacing the need for careful and continuous international co-operation—are being seen to be increasingly unrealistic. We, at the OECD, are intimately involved in the monitoring of the existing *de facto* arrangements, and in assessment of the implications for the reformed system under negotiation.

To say some words now on the problem of inflation, you may be thinking that I will wish to stress the links between the international monetary disorders and the obduracy—even aggravation— of the problem. Links there are, but these must be kept in perspective. In many European countries the opinion is frequently held that imported inflation is the principal and irresistible cause of domestic inflation. Over the last twelve months one has also increasingly heard the argument — particularly in Europe and Japan—that accelerated inflation is mainly due to the commodity price boom, that is to ''world forces beyond our control''. But this tends to overlook the fact that, netting out imports and exports, the OECD area is about 80 per cent self-sufficient for its consumption of crude primary materials taken together. In other words 80 per cent of the rise in incomes resulting from higher commodity prices is to be found somewhere else in the country concerned or in another OECD country. Of course the commodity price boom is important, and I will return to this later. But let us not all delude ourselves, each sitting at home in our respective countries, that ''someone else'' has caused the inflation problem. One advantage of the kind of international economic analysis that is done at the OECD is that, when adding the OECD area all up together, it becomes clear that the ''imported inflation'' game has to stop somewhere.

Most OECD inflation is, in fact made-at-home in the OECD taken as a whole. To give one example, we estimate that at the present time, with consumer prices rising at close to ten per cent in the OECD area as a whole, only about one-half of one per cent can be attributed to the improvement of the developing countries' terms of trade that has come with the commodity price boom.

More basically, inflation has become deeply built into all our OECD economies. This much is evident from the extremely short and limited progress that was made in reducing the rate of price increase during the business slowdowns or recessions of the early 'seventies. The present business upswing may have made the rate of inflation worse again, in part through the commodity price boom. However, the signs are becoming increasingly clear that we have moved into a world in which the inflation cycle consists no longer of symmetrical ups and downs, but more of an upward ratchet mechanism, with the rate of inflation moving from peak to plateau to new peaks.

And the "world" here is in fact more than the "OECD world". The days are past when developed countries could provide object-lessons in stability to the developing countries. The average rates of price increase in Africa, Asia and even in many individual Latin American countries in 1972 were below the rates now being experienced in the OECD area.

There are at least two reasons for regarding recent rates of inflation with alarm. First, when the annual rate of inflation approaches 10 per cent, the real losses of those least able to protect their incomes risk becoming sufficiently substantial to give rise to major social strains. Moreover, the higher the rate of inflation, the greater the risk that it will lead to undesirable distortions of economic decisions and the allocation of resources. The second, and perhaps the more disturbing cause for alarm, is that the higher the rate of inflation, the less certainty there is that a steady—or not so steady—acceleration of the price rise can be prevented. When prices rise at their current speed, the strategies of business and labour in the formation of prices and money-wages anticipate with resolution the price rises of the future. Nobody is prepared to be left out of the attempt to ensure their incomes against the price rise assumed for the next year. Regrettably, there is sufficient precedent to legitimise this assumption.

It is illusory to imagine that everyone's income can be indefinitely assured by indexation arrangements against a 10 per cent or 15 per cent inflation rate, and with no tendency by particular interests to try to jump the queue. This would require throughout the economy of our member countries, and virtually throughout the world, an indexation of wages, prices, profits, professional fees, investment income, pensions and allowances which no government, in or outside the OECD area, is equipped to manage. This is why I say that recent inflation rates, if continued for long, could bring us to the point of no return, to the point at which the only likely change in the rate of inflation would be upwards.

Let me say, I am afraid, that we claim to have discovered no simple panacea to the problem of inflation; I do believe, on the other hand, that there is now increasingly widespread recognition of the need for the kind of "multi-policy" attack on inflation that we advocated in one of our principal publications on the subject about three years ago in 1970. By "multi-policy approach" we meant that the problem of inflation was too intractable to be capable of solution by demand management policies alone—and indeed by price and wage controls. Some of the extra policy instruments that may usefully be brought into the stabilisation package have in fact been well illustrated by Canada, for example through your large-scale manpower policies to try and reduce regional disparities in labour market pressures, and the trade liberalisation measures introduced in your last Budget. One further new dimension that has been coming to the fore has been the inter-relationship between rising tax burdens and inflation, over and beyond the traditional tenets of fiscal policy.

But the major new feature of today's inflation is undoubtedly the contribution of the commodity price boom. Government representatives are, in fact, meeting at the OECD in Paris this week, to make an up-to-the-minute assessment of the problem, and to prepare recommendations for an important meeting of our Economic Policy Committee in two weeks' time. Canada, as a major producer of primary materials, is experiencing its fair share of the problem, to say the least. It is my conviction that we need to reflect very seriously upon the underlying causes of this commodity price boom: to us at the OECD it does not appear to be a simple, isolated accident of the business cycle. Many commentators have pointed to the unreformed international monetary system as a factor aggravating speculative demand. There is probably something in this. What has struck us also, however, has been some unexpected interactions of recent exchange-rate changes, the commodity price boom and the general course of inflation. Normally, one would have expected the revaluing countries to have absorbed a large part of the recent commodity price rises with their revaluations, which the price-rising stimulus would have been very much greater for devaluing, importing countries. In fact, we find that something of the reverse is happening with the revaluing countries losing much of the stabilisation benefits that might have been expected with their domestic inflation continuing at a fast or even accelerating pace; while in the devaluing countries, perhaps mainly because they have resorted to price and wage controls, there has been some success in absorbing, or at least holding back, part of the commodity price boom, or its effects on the wage-price spiral.

Time does not permit me to go into these complex interrelations. The point I would like to bring out, however, is that in our present world of universal inflation, a changing international monetary system, a changing set of relations between primary producers and consumers, and an increasingly synchronised world business cycle, itself showing a worrying tendency towards excessively severe peaks and troughs, these various factors are deeply inter-related, such that any country individually is, on its own, powerless in the face of a seemingly disordered international system, and efficient international co-operation in economic affairs remains indispensable to help assure concerted and mutually reinforcing national policies.

The links between these priority problems of the moment and several so-called long-term problems are impressive. Take the growth debate, for example. How, we may ask, would a severely reduced growth rate fit with the need to make available the financial resources to transfer to developing countries, make available the resources required to clean up the environment, and make available the resources to reduce income inequalities without reducing real living standards for many.

From the OECD vantage point, the question whether we should drastically reduce the rate of economic growth really seems to be missing the point. What we must do is to make imaginative use of public policy, so as to ensure that in the growth process increasing weight is given to emerging demands for quality rather than quantity, and to the constraints arising from the finite supply of non-renewable natural resources and the increasing density of population. If we do this, it is possible, perhaps probable, that the growth rate of GNP as conventionally measured will slow down. But while statisticians may worry about this, world welfare in the wider sense will still be growing, and I doubt whether the ordinary citizen will worry very much what the figures show.

Questions of long-run physical resource supplies, and within this the energy problem, are further examples of topical issues which link together the internationally shared problems of long-term growth strategy and a number of other important issues of national and international concern. The OECD's study of the long-term energy problem is indeed dealing with the inter-relationships of the future development of demand and supply with *inter alia* the environment policies, the policies of development co-operation, international monetary relations, and policies in the field of science and technology. The OECD is active in all these areas and the place of Canada is clearly of major international importance in a number of them. The objective of our long-term energy assessment is to bring together and to synthesise all these relevant aspects of energy policy and, through this process, to define the long-term policy options for our member countries.

Another of our activities of particular interest to Canada is our work on international investment and multinational companies. These issues are related to the balance of payments, inflation, employment, trade, taxation, national development policies and, of course, the relations with developing countries. And, indeed, OECD's work on development co-operation increasingly reflects the need to integrate into these policies not only our financial and technical assistance but also our trade, investment, agricultural, industrial policies and, even, our policies for science and technology. The success of the development policies of the poorer countries is to a large extent dependent on the economic policies of the developed countries. In this connection, I will come back for a moment to the long-term energy problem.

It is clear that substantial increases in the price of oil will aggravate the inflationary situation in the OECD area; they will also imply a deterioration of the terms of trade with the oil-producing countries with corresponding consequences for the balance of payments. For the OECD countries this poses in varying degrees difficult, but not unmanageable problems. For the developing countries, however, the situation is entirely different; they, simply, cannot afford to spend so much for import of oil without seriously jeopardizing their development process. Clearly there is a need for an international approach to this problem in the common interest of the developing, the developed and the oil-producing countries.

The particular vocation of OECD among the several international economic organizations is to help keep the various pieces of the jig-saw puzzle of international economic affairs together. As I have just hinted, this is a constantly changing jig-saw puzzle producing continuing surprises. It is our challenge at the OECD to help the international community keep day-to-day control of its complex economic system. It is also our task to help our member governments maintain a constantly updated and coherent link between the reality of today's priority problems and the long-term structural developments that are being negotiated or evolved at the same time.

It is, however, equally important to be vigilant to preserve what has been achieved. One of the most significant factors in the history of post-war economic development has been the role of multilateral co-operation. There can be no doubt that the constant efforts and progress towards the opening of our economic frontiers, the removal of the obstacles to international economic co-operation, has been one of the most important driving forces to achieve the unparalleled prosperity that we have enjoyed during this period. While this is generally recognised, it is still no guarantee that when countries are faced with economic difficulties, they may not tend to see their problem in isolation and to seek national solutions to problems which are fundamentally international, or to seek bilateral solutions to problems which are of a wider international concern. Here the OECD has an important role to fulfil. By placing the issues in their true international context and perspective, it can act as the "economic conscience" of its Member countries. Among our Western countries we have been successful in creating and maintaining a "One World" economic concept. This "One World" concept, this concept of multilateral co-operation between all countries, large and small, can be strengthened but not replaced by a network of bilateral relations. The historic achievement of the OEEC, our predecessor organisation, has been to transform European bilateralism into multilateralism. Equally, the OECD of today has the vocation to strengthen the multilateral co-operation between all Member countries and to resist any retrograde tendency towards new "macro-bilateralism" between its major economic units, which seems to be advocated from time to time.

We are living through a period when the ground rules governing so many of the important sectors in international economic and social relations are rightly being revised. But in this process, we should keep constantly in mind the objective of strengthening, not weakening, the "One World" concept. The place of Canada will, I am sure, continue to be in the forefront of the discussions within the OECD and in the other international organisations where an improved economic future, based on the interdependence of nations, and the interdependence of the developed and developing world, is being forged.

Mr. Van Lennep was thanked on behalf of the Joint Meeting by Mr. Robert L. Armstrong, President of The Empire Club of Canada.

OCTOBER 25
1973

Does Government Economic Policy-Making Make a Difference? The Canadian Case

AN ADDRESS BY James M. Gillies, PH.D.,
MEMBER OF PARLIAMENT

CHAIRMAN The President,
Robert L. Armstrong

MR. ARMSTRONG:

At this point, Ladies and Gentlemen, I shall ask Mr. C. W Daniel, Chairman of this year's United Way Campaign to favour us with a brief message.

Mr. Daniel reported on the progress of the United Way Campaign and the results to date, asking the support of all segments of the community.

Mr. Armstrong thanked Mr. Daniel and assured him of the support of all present.

MR. ARMSTRONG:

Mr. Minister, Mr. Consul General, honoured guests, ladies and gentlemen. Our guest of honour today, the founder and former Dean of Administrative Studies at York University and former Chairman of the Ontario Economic Council, hails from Teeswater, Ontario, and thereby hangs a tale, or two.

It is alleged that some years ago Dr. Gillies, when in Chicago, went to the railway station and asked a ticket agent to sell him a train ticket to Teeswater. The ticket agent said, ''And where, may I ask, is Teeswater?'' To which Dr. Gillies responded, ''Do you mean to tell me that you don't know where Teeswater is? I am surprised because everyone in Teeswater knows where Chicago is!''

To continue in this vein, one morning in the very early stages of our speaker's campaign, prior to the last federal election, the Mayor of Teeswater, with whom Dr. Gillies had not spoken in about twenty years, telephoned him to say that he heard Dr. Gillies was running for election as a Member of the Progressive Conservative Party and to let him know that a resolution of the Teeswater Town Council had been passed the previous evening, authorizing the expenditure of the town's funds to pay the cost of providing the services of the Teeswater Pipe Band for as long as required during the campaign. The band played at the Don Mills Plaza on several occasions during the course of the campaign, and in light of all the allegations made during and after the campaign concerning its rather high cost, the party workers were in hopes the critics would raise the issue of the cost of the band. To their chagrin the question was never asked. Now it can be told.

Without intending to embarrass our guest of honour further, may I add that on the evening of election day when the election results were being announced on TV within an hour of the closing of the polls, the computer declared Dr. Gillies elected and shortly thereafter his opponent conceded. Our guest of honour decided to telephone to his dear mother, who still resides in Teeswater, and he asked her if she was watching TV. She said, ''Yes''. Then after a protracted silence he said, ''Mother, what programme are you watching?'' I am informed that his mother is not inclined to waste too much of her time following the campaign. She likes the old time election pattern where you listen to a couple of speeches and then go to the polls on election day and vote.

Dr. Gillies holds degrees in Economics from the University of Western Ontario, Brown University, and Indiana University. In 1951 he joined the faculty of the University of California, Los

Angeles. He served as Vice-Chairman of the Redevelopment Agency of Los Angeles, and as an adviser to the State of California, the Department of Urban Affairs in Washington, and the Organization of American States.

Dr. Gillies is the author of several professional and popular books. He has served on many government and civic bodies and was formerly a Director of several Canadian companies. He is presently a member of the Board of Governors of Humber Memorial Hospital, the Metropolitan Toronto Zoological Society, and is a Director of the Canadian Civil Liberties Association.

Dr. Gillies is Member of Parliament for Don Valley Riding, Co-Vice-Chairman of the P.C. Caucus Committee on Economic Affairs and Taxation, a Member of the P.C. Caucus Committee on Housing and Urban Affairs and of the Standing Committee on Finance, Trade and Economic Affairs.

Ladies and gentlemen, I am pleased to introduce Dr. James M. Gillies who will speak to us on the subject: "Does Government Economic Policy-Making Make a Difference? The Canadian Case."

Dr. Gillies.

DR. GILLIES:

No one can be sanguine today about the way in which the Canadian economy has been managed over the past few years. In the early 1970's, we had the ignominious reputation of having the highest unemployment rate of any industrialized country in the world—7.2 per cent—and now we are experiencing one of the most rapid increases in inflation that this country has ever seen. We have gone from an inflation rate of approximately 2 per cent in 1970 to the current rate of over 8 per cent. As far as long-term economic policy making is concerned, virtually nothing has been done and the government is making decisions on an *ad hoc* basis about such critical problems as energy, agriculture, foreign ownership and other items which will determine the future of this country, outside of any framework of how the Canadian economy should grow and develop. Perhaps an even more distressing element in the situation today is the virtual abdication by the government from the responsibility for more effective management of the economy. Shortly after World War II, the Canadian government specifically stated as the goals of economic policy-making in this country, the maintenance of reasonably full employment, relative price stability, less regional disparity in income, and a lessening of poverty in our nation. And these goals have never been disputed by any government in office since that time. Today however, we have a government actually saying that it can do nothing about the most serious economic problem that the nation has faced in a quarter of a century—inflation. It is incredible for any government not to do something about inflation, and it is in my view immoral for an administration in Canada in the 1970's to suggest that the central government is powerless to do anything about a problem as serious as inflation. Such a position simply states that every individual in this country should try to protect himself as best he can against the ravages of inflation because the government can do nothing. It is destructive to the whole concept that there are tools of economic policy that can be used to direct the manner in which the economy operates. It is as if the clock had been turned back to the early 1930's when, during a period when the world was suffering from high levels of unemployment and depression, governments were saying that nothing could be done about it. It is as if nothing had been learned about economic management in fifty years. Surely we are not prepared to accept for a moment that economic problems are not man-made and therefore not subject to man's control.

Associated with this destructive and dangerous policy of suggesting that we cannot control our economic environment is the recent proposition that we should measure our economic condition in a different fashion. It has been stated that we should accept a new definition for full employment in our economy—that the goal of four per cent unemployment is unobtainable. And equally significantly, it has been suggested that an inflation rate of five per cent is perhaps appropriate in our economy. Only three years ago, a three per cent rate of inflation was considered the most the economy could sustain. It was argued that a rate of three per cent was a small price to pay for getting towards full employment. Now we find the suggestion that perhaps five per cent or six per cent inflation is not too much of a price for the nation to pay for economic growth. Next year will ten per cent be acceptable? Such an approach is inexcusable.

The degree to which one is willing to adopt policies to solve the inflation problem relates to how serious one thinks the problem is. I believe that it is of such overwhelming importance that we must mobilize all the resources of government, business and individuals to bring it under control. We are not talking about a three per cent inflation rate or indeed a five per cent inflation rate, but an eight per cent inflation rate—a rate that could escalate to two figures. What does this mean? It means that probably for the first time in history, the Canadian government is selling government bonds at an interest rate that is less than the inflation rate. Anyone who has bought a bond finds, at the end of the year, even with interest, it is worth less in real terms than he paid for it. How can one seriously talk about encouraging savings in the economy when savings are eroded by current inflation rates? How can one plan any sort of pension that makes any sense, with an inflation rate of the dimension which we have in the economy today? And what about people who would like to acquire a home of their own? At the current rate of inflation in Toronto, the average selling price of a house in 1995 will be $250,000. That is average. If one believes no one should spend more than two and a half times their income on housing, this means that the average income in Toronto in the year 1995 should be $100,000 a year. What does that say about the adequacy of pension programs that are being designed and paid for now? And of course, for people on fixed incomes today, living on pension programs, the rapid escalation of all prices is a matter of incredible hardship. There is no way in which a Canadian government through social security changes can compensate for an inflation rate of current dimensions. It has never been done in the past and it can't be done in the future. Moreover, it has to be a fool's game of the highest order to think that the inflation problem can be dealt with by increasing payments to those people who are most badly hurt by inflation.

There are those who argue that we need not worry as long as the inflation rate in this nation is less than the inflation rates in other countries. This argument is made on the basis that we are a large trading nation and as long as our prices are lower than those of our competitors, we will be able to sell and need not worry. Again, this is a dangerous proposition. Once inflation gets hold, and expectations of inflation continue, it's highly problematical whether or not we can hold our inflation rate below that of our customers. But even if we can, the damage that inflation does domestically cannot be compensated for by trading activity.

Most importantly, even if one is not concerned about the inequities and the difficulties that inflation creates domestically, there can be no doubt that a continuation of inflation leads eventually to recession. When inflation thrives, the amount of income that people have to spend for necessities rises, the amount of discretionary income declines, sales drop and a recession is triggered. A serious recession in Canada now would be of greater consequence than at any time since the end of World War II because, since the end of World War II, we have operated in an international climate of reasonable stability. That is no longer true. The decline in the acceptability of the American dollar as a world currency has created uncertainties in international money markets unlike any which have existed since the late 1920's and early 1930's. The energy crisis around the world is bound to exacerbate problems in world money markets. We cannot depend upon international stability to automatically help us out of any domestic recession that we may create for ourselves.

The evidence of the escalating nature of inflation is everywhere. In spite of the fact that gold is no longer bought by any central bank, its price has escalated. Is it not incredible that gold today sells at $120 an ounce when only three years ago it was valued at $40? The escalation in land prices is evidence of people moving resources into real commodities. For years, the stock market was always thought of as an effective hedge against inflation, but mixed performance suggests that this is no longer true. Inflationary expectations are here.

The position taken by the government today is that Canada is more or less helpless because inflation is a world-wide problem. Let me be the first to say that inflation is a world-wide problem. But let me emphasize that this does not mean we cannot do anything about it. Unfortunately, when it is said that inflation is a world-wide problem, there is an implication that some sort of vague international agency is looking at this problem and eventually will bring it under control. Nothing could be further from the truth. Indeed, at the last two significant meetings of international organizations—the OECD and the International Monetary Fund—the whole emphasis of these agencies was that individual countries have enormous responsibility to do everything they can to control inflation in their own nations, because it is only by nations working on their domestic problems that the world-wide problem can be brought under control. It is intriguing that at the International Monetary Fund meetings, the Director of the Fund urged individual countries to adopt some type of domestic incomes policy and not to use changes in interest rates to affect exchange rates. Equally interesting is the fact that Canada, which has been adopting a posture that it is an international problem about which nothing can be done, has refused to apply any type of incomes policy and indeed has modified its interest rate policy constantly in order not to take adjustments in the exchange rate.

It is simplistic in the extreme to suggest that world-wide inflation is in response to supply and demand phenomena. Of course, prices are determined by supply and demand, but the important question is what determines the level of supply and what determines the level of demand. The trigger for much of the inflation in the world has been some crop failures and possibly some supply policies that have limited production. It is hard to believe that it was only three years ago in Canada that programs were introduced by our government to pay farmers not to grow wheat on the faulty notion that the way to improve farm income was to limit production. Similarly a program was adopted to reduce the supply of chickens in order to force the price of eggs higher.

Similarly demand is influenced by domestic economic policies and there has been a tendency on the part of most governments to stimulate demand over the past few years through expansionary monetary and fiscal policies..

In our own case, there can be no doubt that one of the most inflationary forces in the Canadian economy has been the devaluation of the Canadian dollar. It is sometimes forgotten that when the American dollar was devalued in response to the balance of payments crisis, that we were devalued because we were floating with the American dollar. The Canadian dollar has become cheap in terms of the Japanese yen and the German mark. It is not astonishing that our exports to these countries have risen, given the advantage that has been created for those countries because of devaluation. To say that world-wide demand and world-wide supply is the cause of our inflation is to ignore the fundamental factors that create demand and supply situations within countries.

The simple fact of the matter is that the government is looking at the problems backwards. The question is not how much is world-wide inflation contributing to domestic inflation in Canada, but rather how much is Canada's domestic inflation contributing to world-wide inflation. From 1972 to 1973, on a first quarter basis, the total increase of our price index of imports was 4.05 per cent. During that same period, the percentage increase in the price index of our exports was 8.18 per cent. In other words, the increase in the index of our export prices has been 100 per cent greater than the increase in our import index. Obviously, our export index is influenced by demand pressures in other countries, but it is clear evidence that in world market Canadian prices have gone up far higher than the prices of things that we buy.

Domestic policies have an enormous influence on the rate of inflation and indeed the Canadian government, because Canada is in reality endowed with resources, can probably do much more about domestic inflation than almost any other country in the world.

What have been the factors that have caused the heavy inflation in Canada? There are many. First of all, in an effort to recover from the recession in 1970 and the high levels of unemployment at that time, the government introduced an easy money policy, the equivalent of which has probably never been witnessed in any other industrialized country. The money supply was increased at a phenomenal rate, almost fifty per cent over the last three and a half years, with little relationship to the increase in real production in the economy. I am not a monetarist in the sense that I believe supply of money is the only factor involved in inflation, but there can be no question that this rate of increase had a very significant inflationary impact on the economy. One should not follow a tight money policy in periods of high unemployment, but there has to be some correlation between the increase in the money supply and real growth. At the same time, the devaluation of the Canadian dollar had enormous inflationary impact. And we continued to follow an expansionary fiscal policy long after it was clear that it was having a strong inflationary force in the economy without doing very much about unemployment. In spite of the experience in 1970, when we had very high levels of unemployment and rising prices, the government insists that broad-gauge monetary and fiscal policies can create growth, reasonably full employment and price stability. The evidence is clear that the government still believes that with these broad-gauge tools the economy can be fine-tuned. It cannot.

What should be done? It is essential that inflationary expectations in the nation be broken. It is essential to restore confidence in the Canadian people that the central government can and will do something about inflation. It is for this reason that we in the Conservative Party have argued that an incomes policy should be put into effect in the nation. We have called for a short-term freeze in prices, wages, salaries, profits and dividends—indeed a comprehensive freeze on everything except agricultural products at the farm gate. No one in our party, least of all me, believes that freezing prices is any way to solve the inflation problem. But we do believe that a freeze would restore confidence on the part of the Canadian people that the government is willing to tackle the inflation problem head-on. Secondly, we believe the freeze would provide time to work out the nature of the longer-run incomes policy. We do not believe that there would be serious malallocation of resources during the short period of the freeze nor do we believe that anyone would be frozen into an inequitable position. And what would the incomes policy do? Basically, it would establish guidelines for increases in prices and wages throughout the economy. Increases sufficient to assure the investment of new capital in production activities and the proper share of the increase in productivity to workers would be assured. Primarily, the policy is designed to prohibit strong power groups—whether they be in the field of business or the field of labour or trade associations—to take more out of the economy than they put into it. During periods of inflationary expectations, it is possible for certain groups to take advantage of the situation, thereby contributing to inflation, and this must be stopped.

Some raise objections to an incomes policy and are quick to point out that such programs cannot work. But one has to be careful about such assessments. The fact of the matter is that in 1970 the inflation rate in Canada was slightly over 2 per cent and in the United States it was approximately 4 per cent. Today, the inflation rate in Canada is over 8 per cent and that of the United States is around 6 per cent. I do not like to use international comparisons—I don't think they're relevant—but it's quite wrong when people suggest that the program in the United States had no effect on containing inflation in that country. Certainly, Phase I and Phase II were very successful. Similarly, we have mixed reports from the experience in Great Britain. I have been told that without the incomes policy, one could be expected to have an inflation rate in that nation of almost 20 per cent. But that is something that can't be proved one way or the other. What is a fact is that we must do something about breaking the expectations of inflation in this country. We must not permit groups that are not subject to market forces to use the inflationary situation as an excuse for establishing prices and wages that are far beyond what the economy can support. Again, let me emphasize that it would not be a program, as we visualize it, of tagging all individual prices, but rather of setting broad guidelines for those areas of the economy where market forces don't operate.

Clearly, an incomes policy will not solve the inflation problem in Canada. It has to be accompanied by a monetary policy that ties our rate of increase in the money supply reasonably close to the rate of real growth in the economy, a policy that relates government expenditures more closely to the collection of tax revenue, a policy that stimulates increased economic activity through lowering interest rates. I happen to believe that high interest rates are a cost and are not basically anti-inflationary. It has to be accompanied by policies to expand production. Never again in this country must we accept the proposition that the way to prosperity is through restricting production. We have to re-think our exchange rate policy to the extent that we have to be certain that if we are floating, we have a true float, and that we don't have that float affected to our detriment by excessive capital flows. And we have to reduce direct taxes, such as sales taxes, that are inflationary in and by themselves. The application of these policies, with the support of all Canadians, can effectively reduce the inflation rate in this country. Reducing inflation will certainly not be painless, but not reducing it will be tragic.

The current economic problems of course affect us most—and I am quite aware that Lord Keynes said that in the long run we are all dead. But there can be no gainsaying the fact that we are at a cross-roads in the development of the Canadian economy. The change is just as fundamental as the change that took place during World War II.

You may recall that, prior to World War II, Canada's economic activity was based primarily on a three-way trade. We shipped our raw materials to Britain and the British Empire, used the foreign exchange we earned in this activity to buy goods from the United States. It was our famous triangular trade. At the end of World War II, our policy shifted to one of continentalism. Our economic activity was more and more linked with the United States and our economic policies were evolved in that direction. The Automobile Pact is a perfect example. The integration of our capital markets and the rapid rise in our trade are others.

But the premises under which that policy was made have changed, and we must recognize those changes. The policy was based on the fact that the American dollar was strong in international markets, the economy of the United States was vibrant, and that resources were basically in surplus supply throughout the world. We now know that this is no longer the situation. The U.S. dollar no longer has the stability that it once had, and it is no longer accepted around the world as a reserve currency. The American economy has serious problems with respect to energy, and world resources seem to be in short supply. Any of these conditions may be temporary but then again they may not. The fact of the matter is that we must evolve in Canada an economic policy based on a re-assessment of whether or not Canadian interests are best served by following the policies that we followed in the past, and now is clearly the time to do so. We must determine how we are going to utilize our resources. Are we going to assert our legitimate self-interest over our resources in a way that is not detrimental to any of the parties involved, but which can lead to the greatest benefit for all Canadians? Will we question the philosophy of trade for trade's sake? There is no magic in exports if the net result is no improvement in the standard of living of Canadians. We are a major trading nation and will continue to be so, but we must ask the question what it is we want to export and in what form we want to export. We must have more emphasis on processing our resources in Canada. But this is simply a cliché and an empty phrase if it does not mean that policies will be followed which make it attractive for more processing to be done in Canada compared to other countries. We must have incentives to make such development and production in Canada attractive in world terms. There is no doubt that investors and producers will take their capital elsewhere if they are denied an adequate rate of return for operations in Canada. We must accept as a matter of fundamental principle that we will not limit production output as a means of artificially raising prices but rather will recognize that the real wealth of the nation depends on what it can produce. The world is changing. Canada must change with it. We have the resources, the people, the stability to make this nation the most prosperous, in the best sense of the word, in the world. We are indeed a blessed nation. We have the resources, the people, the stability of government to achieve almost anything that we wish. What we must have is the vision.

In seeing things as they are in Canada today, we can all understand what may have prompted the late Senator Robert Kennedy to say: ''You can see things and you say 'why?' But I see things that never were and say, 'why not?'''

We have an option. We can accept the premise that nothing can be done and do nothing. To pursue the present course of action means more unemployment, higher inflation, greater increases in prices and more frustration for those unable to help themselves. Or through government leadership, through discipline and restraint among the various interests within the economy, we can achieve a smooth transition to unprecedented prosperity.

Dr. Gillies was thanked on behalf of The Empire Club of Canada by Dr. Murray G. Ross.

NOVEMBER 1, 1973

A Medical Mission to China

AN ADDRESS BY Dr. Gustave Gingras,
C.C., M.D., D.M., LL.D., F.R.C.P. (C)

CHAIRMAN The President,
Robert L. Armstrong

MR. ARMSTRONG:

Monsieur le Consul Général, invités d'honneur, Mesdames et Messieurs, le Club de l'Empire du Canada est fier de souhaiter la bienvenue pour la deuxième fois au Docteur Gustave Gingras, une autorité médicale qui est célèbré partout, renommé dans le domaine de la réhabilitation et de l'éducation.

Docteur Gingras, c'est extrêmement gentil de *vous* de venir nous parler encore une fois. Nous attendons avec beaucoup d'interêt et de curiosité d'entendre parler de votre voyage en Chine.

With grave concern as to the comprehensibility of the foregoing, may I revert to the other of our two official languages and give you a few highlights of one of the great Canadians of our time, Dr. Gustave Gingras, who previously addressed this Club on March 5, 1970.

Our speaker is a native of Montreal, and on completing his medical course at the University of Montreal in 1943 and obtaining the degree of Medical Doctor, he enlisted in the Canadian Army Medical Corps amd served both in Canada and overseas from 1943 to 1945.

His professional and academic titles are too numerous to mention. Suffice it to say that he holds certification in Physical Medicine and Rehabilitation in the Royal College of Physicians and Surgeons of Canada and is a Fellow thereof. He has been

Executive Director since its founding in 1949 of the Rehabilitation Institute of Montreal, and is Professor of Physical Medicine and Rehabilitation and Director of the School of Rehabilitation at the University of Montreal.

He is immediate Past President of the Canadian Medical Association and the many important positions he has held, his membership on numerous scientific committees and in scientific societies make too long a list for this introduction. Dr. Gingras was made a Companion of the Order of Canada, and was the recipient of the Royal Bank of Canada Award in 1972.

The Rehabilitation Institute of Montreal,which had its beginning in a converted poolroom of an old hotel, was transferred into a modern multimillion dollar building in 1962. It was most propitious that the opening took place when the tranquilizing drug, thalidomide, was causing 5,000 babies to be born with tragic deformities, mainly affecting the arms. Dr. Gingras undertook the care of 43 of the 115 thalidomide infants born in Canada. Two years later in his search for more effective mechanical prosthesis, he learned of a Russian invention which used myoelectricity to control a motorized plastic hand. He flew to Moscow and bid $30,000 for the Canadian patent rights, and later had it developed by Canadian engineers into the world's first completely electromechanical arm. Called the ''Canadian Arm'' it has been used successfully by both children and adult amputees.

His many special missions under the United Nations Technical Assistance Administration and under the Canadian International Development Agency, the latter mainly to Viet Nam and the former to all parts of the world, have culminated in his leadership, in April and May of 1973, of the first official Canadian Medical Delegation to China.

During the Chinese mission, Dr. Gingras, who enjoys a good cigar, was known as ''the illustrious leader of the delegation'', just as Chairman Mao is to the Chinese People. At one meeting, attended by several cigarette chain-smoking Chinese, Dr. Gingras discussed the reduced health hazard related to cigar smoking as opposed to cigarette smoking and philosophised on the superiority of the cigar connoisseur versus the cigarette smoker. Mr. Le Tsung-min, Chinese Foreign Ministry official who served as Secretary to the Chinese delegation that visited Canada last November, offered the information that "Chairman Mao occasionally smokes cigars", to which Dr. Gingras replied, "Now I know how he became Chairman."

This giant among his colleagues in rehabilitation medicine throughout the world radiates hope to myriads of disabled people. This humble statement made in the acceptance of one of his many awards best describes the man. "I owe this great honour to my country, Canada. I'll never be thankful enough for what it has done in helping me to carry out my work for the handicapped."

I am honoured to present to this audience Dr. Gustave Gingras who will speak to us on the subject, "A Medical Mission to China".

Dr. Gingras.

DR. GINGRAS:

It is a singular honour to be invited to address this prestigious club twice in just under four years. I am grateful to the President and members of The Empire Club of Canada for giving me the opportunity of bringing to you today what I consider to be an important message.

During April and May of this year, I had the privilege of visiting the People's Republic of China with fifteen of my colleagues from across Canada. We were privileged, in a fifteen-day period, to see a broad cross-section of medical care in the most populous country of the world. As an individual who has been privileged to do a considerable amount of travelling on this planet and who has seen medical care on several continents, I assure you it was a most interesting experience. It was indeed the trip of a lifetime.

Contrary to the comment of a number of radio and television personalities, the delegation of Canadian physicians to China was not brain-washed or hood-winked by a well programmed propaganda tour. As physicians we did witness a number of things that were truly outstanding, surprising, and a clear indication of the ability of our colleagues in the People's Republic of China to provide very high quality medical care. At the same time, we also saw a great deal of medical care that was average, and some that was below our Canadian standards.

The delegation, organized by the Canadian Medical Association, with representation from both the Department of National Health and Welfare and the Medical Research Council of Canada, had three basic goals:

1. To improve the relationships between the health workers of the two countries.
2. To see at first-hand a broad cross-section of health care delivery in China.
3. To initiate negotiations for the long-term exchange of medical scientists and teachers.

All three objectives were realized.

We were extremely pleased with the intinerary organized on our behalf by our Chinese hosts: the People's Republic of China Department of Public Health, their Academy of Medical Sciences and the China Medical Association. During the fifteen days that we spent in Peking, Shanghai, Shih-Chia Chuang, Hangchow, Canton, and the areas surrounding these major cities, our hosts showed us everything that we had requested and answered our questions with a frankness that astonished seasoned observers in that country.

We were provided with the opportunity of visiting medical schools—western medical schools, or medical schools as we know them, and traditional Chinese medical schools. We also had the opportunity to visit major research institutes such as the Shanghai Institute of Physiology where the Chinese are conducting a crash research programme to determine how acupuncture analgesia works. We saw hospitals of small, medium, and large size. We saw community hospitals, state hospitals, mental hospitals, teaching hospitals, medical clinics in factories and on farm communes. We had a very busy fifteen days.

With respect to long-term personnel exchange, that we considered essential and a major aim of the tour, everyone we spoke to, from Dr. Kuo Mo-jo, the Vice Chairman of the Standing Committee of the People's Congress—(the number three political figure in China), to the responsible member or Minister of Public Health, to individual physicians or researchers—all were in complete agreement if not enthusiastic. As it was reported in the public press, I believe, we will see young Canadian medical scientists and teachers studying and teaching in China, and *vice versa* in the very near future. Chinese medical authorities are anxious to learn of our methods, especially in the fields of heart disease, cancer control, general surgery and hospital administration.

Let there be no doubt that the development of surgical techniques in China to rejoin severed limbs will be of major interest to Canadian surgeons. I confess to you, as a student of rehabilitation medicine for many years, I was astounded to see patients with limbs that functioned extremely well, limbs that had been severed from the individual's body for up to 36 hours. I tested the function of patients who had arms rejoined, at both the upper and lower level, and I assure you that they had excellent function.

Obviously, our teachings that indicate it is necessary to have such severed limbs reconnected within 6 to 8 hours, in order to retain a functioning limb, are inaccurate.

To deal with acupuncture, may I provide a little basic information regarding traditional Chinese medicine—the art that gave birth to acupunture—and treat the subject in two parts. First, to deal with acupunture analgesia and secondly, deal with the use of acupuncture as a therapy modality.

Traditional Chinese medicine is almost completely empirical— there is very little in the way of scientific evidence or fact to support the teachings or activities of traditional Chinese physicians. But the Chinese are currently giving very high priority to the scientific investigation of traditional Chinese medicine. They are subjecting the drugs and the practices of traditional Chinese medicine to scientific review, on a systematic basis.

With respect to acupuncture analgesia—and the term analgesia not anaesthesia should be used—may I most emphatically state that it does work, and it works very well. *In toto*, members of the delegation witnessed close to a dozen surgical procedures conducted under acupuncture analgesia. Among other procedures, we witnessed neurosurgery on both the spinal cord and the brain, thoracic surgery, a partial gastrectomy, a menisectomy and a ceasarian section. In each case, the acupuncture analgesia worked quite well.

It will not replace traditional anaesthesia as we know it here in Canada—or for that matter in China. At the present time, Chinese physicians use acupuncture analgesia in about thirty per cent of all surgical procedures.

I have no doubt that there is a place in Canadian medicine for acupuncture analgesia and this is an opinion that I know is shared by all fifteen of my colleagues who were in China.

Last June, key members of the delegation met in Ottawa to put together the final report on our visit, including some specific recommendations to a variety of agencies. Among others, we recommended to the Medical Research Council, medical schools and other research institutions that they give high priority to research on acupuncture analgesia. Hopefully, we will be able to undertake some major research on this subject here in Canada in the very near future.

At present, arrangements for the exchange of personnel are being made for Canadian anaesthetists to learn the techniques involved in China, and experienced Chinese acupuncture teachers to accept research teaching fellowships in Canada.

In short, we believe that basic research, and controlled clinical trials of acupuncture analgesia should progress simultaneously.

In recent months, the Ontario College of Physicians and Surgeons has issued a formal ruling on acupuncture for this province. In essence, the College statement reads: "The College of Physicians and Surgeons of Ontario feels that acupuncture is a medical treatment which, at this point in time, is in an experimental stage in this country. The Ontario College of Physicians and Surgeons will sanction well organized clinical trials of this therapeutic modality, and will assess the results when they are available.''

During this period of assessment, the College considers acupuncture to be an experimental procedure. Physicians therefore undertaking acupuncture should obtain a fully informed, written consent from the patient which gives a description of the procedure, the results that may be expected and the possible risks involved. Furthermore, during this period of assessment, no fees shall be charged for this service.

As I was then President of the Canadian Medical Association, I commended the Ontario College of Physicians and Surgeons for taking this stand and encouraged the medical licensing bodies of other provinces to follow this lead. I do warn you and my fellow-Canadians to be extremely cautious. It is well known that unscrupulous elements in this country are at present using acupuncture on poorly informed persons. This action is just one more racket in the field of health.

With respect to acupuncture analgesia, I would propose that we go one step further. The actual utilization of acupuncture analgesia should be restricted to qualified anaesthetists during the initial research and clinical trial periods. However, on the basis of our short experience and observations, it would be my opinion that as our understanding and experience grows, there is no reason that acupuncture analgesia could not be applied by general physicians, dentists, and experienced operating room nurses, under appropriate supervision. To me it appears quite logical that in future, we should train experienced operating room nurses in the techniques involved and have them apply the actual needling—under appropriate supervision.

Incidentally, while our delegation did not include a qualified dentist to assess the value of acupuncture analgesia in dentistry, I hope that our dental colleagues will assess its potential value to their practice.

With respect to the use of acupuncture as a therapy modality, I think it is fair to say that our delegation was less impressed than we were with its use as an analgesia. The Chinese use acupuncture in the treatment of a wide variety of diseases and conditions: congenital and acquired deafness, strokes, epilepsy, Bell's palsy, schizophrenia and other mental disorders, gastric and duodenal ulcers, appendicitis, several types of liver and gall bladder disease, pancreatitis and certain female reproductive organ disorders. In the limited time that we had available, it was of course impossible for us to undertake anything in the way of a definitive study to determine whether or not such therapy was effective.

I would like to make this point especially with respect to the treatment of congenital deafness. May I emphasize that the Chinese themselves report very poor results in the treatment of children who suffer from congenital deafness. It would be misleading and cruel to congenitally deaf patients or their families to suggest that this method of treatment is effective until we have more scientifically valid evidence of its effectiveness.

I would also point out that we were singularly impressed with the quality of teaching in the school for the deaf that we visited. It is well-staffed with competent and highly motivated teachers. Several members of our delegation who had spent time in Canadian schools for the deaf indicated that the results seemed comparable to anything that they had witnessed in Canada.

The classical use of acupuncture, of course, has been for the relief of pain. Our Chinese colleagues indicated that it has proven extremely valuable in this regard—particularly in the treatment of arthritis and related disorders.

We saw a number of other things that were very impressive. For instance, the intensive care burn units in major city hospitals. We examined patients who had survived burns covering ninety-nine per cent of their bodies—with over ninety per cent having third degree burns. The Chinese attribute their extraordinary success rates to the aggressive manner in which they attack such cases. They allocate special teams of up to six or eight specially trained physicians and nurses when a patient is admitted. They conduct a radical surgical removal of burnt tissue shortly after admission to hospital, and have recently developed new techniques for both heterografts and homografts. They use very large human cadaver, pig skin—and even dog or chicken skin coverings. They frequently use two or three surgical teams for debridement purposes—and they do use both traditional Chinese medical herbs and antibiotics to control infection.

The pharmacology of traditional Chinese medicine frequently involves prescriptions of a wide range of materials—herbs, animal and mineral materials. The Chinese—as is true with acupuncture—are currently giving high priority to research programmes to determine what it is in traditional Chinese medicines that makes them effective. They are actively attempting to isolate the active ingredients and then synthesize and manufacture them. As might be expected, the manufactured, concentrated form is frequently more effective than when it is used in its natural state. It is also frequently more toxic or more frequently produces major side effects.

Several members of our delegation have expressed the opinion that it is in traditional Chinese pharmacology that we may find the most valuable contributions of Chinese medicine to other parts of the world. However, to search out these benefits will be a monumental undertaking. There are thousands of such traditional Chinese medicines, many of which have or will prove to be useless.

Several of our colleagues had special interests in the fields of medical education and medical research. They were not disappointed with this trip either.

As I have indicated, the basic concepts or dogma of medical education in China at the present time are to meld western and traditional Chinese medicine and to shorten the medical education period as much as possible. The Chinese of course are attempting to produce a new type of medical care, and to increase their physician production to offset a very serious shortage of trained medical personnel.

During the cultural revolution of the late 1960's, all medical schools, indeed all university and upper level educational programmes, were discontinued. Medical schools have only recently reopened and with considerably smaller classes.

In the early 1970's several medical schools attempted to train physicians in two years. These programmes have been declared a failure and the Chinese are now trying medical education programmes of three or three and a half years' duration. They are conducting a few research programmes whereby experienced nurses and other health workers are given special training for one to two years, in order to convert them into physicians. They report good results in this regard with the first couple of classes.

When they graduate, physicians normally return to the area— to the commune or factory—that sent them to medical school. Conversely, they may be sent to the area of the country that most urgently requires their services.

Practically all medical students have at least two years of work experience in a factory or on a commune before being admitted to medical school. They are between the ages of twenty and twenty-five, must not be married and are not allowed to marry during their educational period. In order to qualify for admission to medical school, generally speaking, an individual must be a middle school graduate—somewhat comparable to our high school graduation, have two years of work experience, then obtain clearance from the committee of the commune or factory that sent him to school.

As you are no doubt aware from newspaper reports, the delegation visited Shih-chia Chuang, the gravesite of Dr. Norman Bethune. On behalf of the Canadian Medical Association, and all physicians in Canada, we paid our respects to Dr. Bethune by placing a wreath at his monument. This has been interpreted by a few as paying homage to a major shrine of Chinese communism. I emphasize—we were a medical delegation, not a political one.

The facts are, in China, Norman Bethune is revered as a national martyr. He is known by every man, woman and child of three years of age or more. While there is no place in China for religion at the present time, he is as close to a saint or an ideological model as exists in that country. For a medical delegation, the guests of the people of China, to have failed to participate in an appropriate display of respect would have been the ultimate in bad manners.

When the Chinese medical delegation visited Canada last fall, they were in Ottawa on Remembrance Day. They joined us in paying respects to the memory of Canadians who were killed in World Wars I and II. They did not ask how many of our soldiers died supporting the war efforts of Nationalist China. The late Norman Bethune, a Canadian physician, is known, revered and respected by some 800 million people of the People's Republic of China. As a Canadian medical delegation, and as the guests of the Chinese people, we acted accordingly and appropriately.

Chairman, ladies and gentlemen, it was the trip—the tour of a lifetime. I will be eternally grateful to the medical profession of Canada for having chosen me as their president, the year we went to China.

Dr. Gingras was thanked on behalf of The Empire Club of Canada by Dr. Harold V. Cranfield.

NOVEMBER 8, 1973

The Cultural Revolution

AN ADDRESS BY The Honourable Alexander B. Campbell,
PREMIER OF THE PROVINCE
OF PRINCE EDWARD ISLAND

CHAIRMAN The President,
Robert L. Armstrong

MR. ARMSTRONG:

Mr. Minister, My Lord Bishop, honoured guests, ladies and gentlemen. Brackley, Cavendish, Stanhope and Dalvay, all beautiful beaches with great sand dunes on the north shore of Prince Edward Island, beckon tourists each summer from across Canada and the U.S.A. Here the visitor can feast on delicious fresh lobster. Lobster suppers were $4.00 during the past summer and with the generous servings of extras, just forget your diet program. Think of succulent steamed clams (you can dig them yourself), and mouth watering Malpeque oysters. For the game fisherman there is nothing like the prospect of a battle with the great blue fin tuna. They range in size up to 800 pounds or more.

Among the delightful places of interest are the fabled home of Anne, heroine of Lucy Maude Montgomery's book, *Anne of Green Gables,* which stands hard by the *Haunted Forest* and the *Lake of Shining Waters*.

There are the Woodleigh Replicas near Kensington, which include large scale models of famous castles, cathedrals and many other fascinating attractions of legendary, historical and literary significance, and there are endless other beauty spots on this island, so aptly described as the Garden of the Gulf.

Charlottetown, the capital city, is known as the Cradle of

Confederation for it was there in 1864 that the founding fathers first met in the historic conference which led to Canada's birth as a nation three years later. The Confederation Centre of the Arts built in 1964 stands as a memorial to that conference.

The Province of Prince Edward Island, the spawning ground for Confederation, went through a rather protracted courtship before consenting to unite with the new nation and in 1873 that union was consummated. Now in 1973, the rest of Canada joins with Prince Edward Island in the celebration of its centennial of that union. And it is to this end that we are honoured today by the presence of Premier Alexander Bradshaw Campbell, known to all and sundry as Alex, as our guest speaker. Premier Campbell is a resident of Summerside, the place of his birth, and is the son of a former Premier, now Chief Justice Thane Campbell of the Supreme Court of Prince Edward Island. He attended Dalhousie University, obtaining a Bachelor of Arts degree, followed by a degree of Bachelor of Laws from the Law School of the same university.

Premier Campbell was first elected to the Legislative Assembly in February 1965, and in December of that year was chosen leader of the Liberal Party, which he led to victory in July 1966, and again by a much wider margin in May 1970.

The Island is so sensitive to political issues that recently when Premier Campbell obtained a haircut in a rural riding, two young local reporters accepted this as a sign of an impending election. Our speaker did not specifically deny the rumor but said he would make his intentions known at an early date. The speculation snowballed from there. I understand a denial has been issued but other signs in the future may start the political rumour mill humming again.

About two months ago, Premier Campbell was referred to in one of our financial newspapers as the leader of the Conservative Government of Prince Edward Island. Needless to say, this unforgivable *faux pas* was brought to the attention of the editor in clear and unequivocal terms. Not only was it pointed out that he leads the Liberal Government but also that he is the Dean of Canadian Provincial Premiers.

It is indeed a high privilege to present to this audience the Honourable Alexander B. Campbell, Premier of the Province of Prince Edward Island, who will speak to us on the subject "The Cultural Revolution".

PREMIER CAMPBELL:

Last week I received a letter from a student in a neighbouring Province seeking information from me to assist in a school project.

I would like to read this letter to you in its entirety:

"I am doing a school project on P. E. I. I found the suggestion on the back cover of *Canada and the World*.

The title of the project is as follows:

'P. E. I. Create a balance sheet listing the changes P. E. I. must accept and those things P. E. I. might have to give up in order to keep up with the growing affluence of Canada.'

I would appreciate receiving any available information from you that you feel would be relevant for my project.

Respectfully yours, etc. "

"Create a balance sheet . . . changes P. E. I. must accept . . . those things P. E. I. might have to give up . . . keep up with the growing affluence of Canada." How can one respond to such questions, cope with the assumptions made in the very nature of the questions themselves, and explain that perhaps we, in Prince Edward Island, don't necessarily accept as valid the desirability of Prince Edward Island keeping "up with the growing affluence of Canada".

To answer such a request may indeed be difficult, but I intend to try, using the forum of The Empire Club. This, then, is my answer to a student's letter.

I suppose a "balance sheet" as suggested on the back cover of *Canada and the World* refers almost exclusively to income and expense and would largely ignore some of the very meaningful environmental and cultural considerations which today are assuming more and more importance to more and more people throughout the world.

It is for this reason that I have chosen the—perhaps over-worked but still useful—phrase, ‘‘Cultural Revolution’’, as my subject today. A revolution still in its incipient stages, but hopefully, about ready to blossom out into full bloom.

Over the past several years, all of us as Canadians, and as members of the North American cultural and economic environment, have been to a greater or lesser extent party to a significant attitudinal change towards our culture.

Some would suggest that there has been a dramatic change in our perception of the world and ourselves within the world. Others have observed that there has been an almost complete about-face in a relatively short span of time. Still others have suggested that such change reflects upon the human ability to adapt and adjust in the face of threats to our very existence. Such are the optimistic views of the human experience with the environment. Others are not nearly so optimistic.

In her sometimes frightening book *No Island is an Island*, Anne Simon quotes from a letter by Morton Hunt. ‘‘It is a curious and disheartening fact that although nearly everybody today is aware of pollution and is concerned about it, the awareness and concern have not yet affected inner feelings enough to make restraint and self-discipline automatic.’’

I referred to Mrs. Simon’s book as being sometimes frightening. Anyone who has read this exposé of the land use dilemma facing a small part of this continent, cannot help but be seriously concerned about the direction in which we appear to be headed. Anne Simon’s total work comments upon the difficulty, often seeming impossibility, of individuals to act in a collective fashion to protect themselves from their own abuses.

Mrs. Simon deals almost exclusively with the specific problems of land use or if you prefer, land abuse. Such, however, is but one manifestation of a larger consideration, a consideration of our style of life or quality of life. Over the past few years, many of us have increasingly begun to question the direction and meaning of our society as it has developed over the past several centuries. Many of us may not have entered into this examination of our society with full understanding of the background to our concerns. But most Canadians have recognized to a greater or lesser extent that despite much of the so-called progress of the affluent society, essential ingredients to a meaningful life seem to be either entirely lacking, or at best, difficult to grasp.

In my Province, we have found ourselves in somewhat of a favoured situation. In many respects, we have been observers of the passing scene. That is, we have not participated to the same extent as much of the rest of the nation in the trend towards rapid urbanization, dependence upon the machine, and devotion to the materialistic life style. In fact, Maritimers in general, and Islanders in particular, have been on occasion tagged as backward, behind the times or rustic in attitudes and approaches towards things "modern". More often than not, in the past, we have tended to be apologetic of our rural background and lack of sophistication.

Even with, or perhaps, because of, this background, I have over the past few years sensed a very dramatic change in attitude on the part of Prince Edward Islanders towards the on-going rush for so-called modernization. In the late 1950's, and up until the mid or late 1960's, most Prince Edward Islanders, and certainly most Prince Edward Island politicians, strongly advocated the need for our Province to become industrialized, to establish job-producing industries at whatever cost, to pull Prince Edward Island up by its bootstraps and bring our Province into the glories of the twentieth century.

This attitude, I believe, was largely in response to the material affluence we, as Prince Edward Islanders, could see outside of our Province. With the advent of television and other means of mass communication, we were able to see at virtually first-hand how our North American neighbours seemed to be developing a more luxurious way of life due to increased industrialization, more and higher-paying jobs, and generally a greater material affluence.

However, what we have witnessed in very recent years is the apparent fallacy of the belief that rapid industrialization necessarily produces a better quality of life. We, in our Province, are beginning to realize and appreciate that our slowness in keeping up with our North American neighbours may well have been a blessing in disguise.

Let us for a moment examine just what it is that is virtually rocking the foundations of the modern, urban and highly industrialized society all around us.

Louis Mumford, American historian and philosopher, has written extensively on the question of how modern society has developed to what it is today and has commented, with insight, upon the ugliness and emptiness of much of our modern world. Referring to the New World from the time of discovery and conquest, Mumford had this to say:

> ''How is it that the period of terrestrial exploration and settlement was conducted with such flagrant brutality, with such disregard for traditional human values, with so little regard for the future, though it was usually in the name of a better future that so much of this effort was made. And how is it that the development of science and invention, with its intent to liberate man from the burden of heavy toil on a meagre subsistence level, imposed new burdens, new diseases, new deprivations, in a routine that has lacked all direct contact with the sun and the sky and other living creatures, including his own.''

A pretty harsh commentary on North American man and his society. Yes, harsh, but showing a clear understanding of our beginnings on this continent and coming uncomfortably close to defining the direction our society has subsequently taken.

Mumford compares man's ideal association with nature and the cultivated countryside, which he considers as an essential foundation for a full human development, to living in bondage to the machine.

> ''The missionaries of mechanical progress cannot entirely ignore the older passion for nature that still survives as an essential part of our New World heritage; for they have invented a prefabricated substitute for the wilderness, or at least an ingenious equivalent for the hunter's campfire. That ancient hearth has become a backyard picnic grill, where, surrounded by plastic vegetation, factory-processed frankfurters are

> broiled on an open fire made with pressed charcoal eggs, brought to a combustion point by an electric torch connected by wire to a distant socket, while the assembled company views, either on television or on a domestic motion picture screen, a travelogue through an African game preserve, or scenes with grizzly bears in Yellowstone. Ah! Wilderness. For many of my own countrymen, this is, I fear, the terminus of the pioneers' New World dream."

We, in Prince Edward Island, are fully familiar with this modern phenomenon. We receive, as our guests, thousands of these modern pioneers who come for two weeks to our campgrounds in a frenzied effort to escape from their ordinary lives—people who will drive for thousands of miles under almost unbearable traffic conditions, in order to live a little closer to nature and hopefully, eventually, grow a little closer to their fellow-man.

However, these examples are largely manifestations of the problems of modern society. Behind, or at the root of what we can see on an ever-increasing scale, lies our dependence upon the machine, a worship of technology and the kind of power and monetary structure which flows from that dependence.

During the past few centuries, the older traditions of a variety of artistic skills and a rapport or oneness with the land and the sea, has been largely replaced by a system that has given primacy to the machine, with its repetitive motions, its depersonalized processes, its goal of consumption and quantity rather than quality. From this process has emerged a parallel process of translating traditional working and living values into a new political and economic power—a power increasingly based upon the strength of money and those material things money can purchase. What we are only now beginning to fully realize is that in seeking material pleasure too constantly, the capacity for enjoyment or fulfillment decreases and eventually becomes exhausted.

In terms of the North American continent, the large metropolitan areas of the United States have more closely reached the final stage in this process. However, if we examine the Canadian scene closely enough, we can see signs of this physical and spiritual rot settling into a number of our Canadian urban centres with a troubling spill-over into many of our more rural areas.

The process of identifying political and economic power with that of monetary and material achievements has been condensed into a brief formula: manual work into machine work: machine work into paper work: paper work into electronic simulation of work which has been progressively divorced from any vital or organic function of human activity, except where it furthers the newer system of power. As a consequence, progress has come to mean simply more power, more profit, more productivity, more paper prosperity, all of which are convertible into standards concerned only with size or magnitude rather than quality or excellence.

One of the most striking things about this perversion of power is its almost total indifference to other human needs, norms and goals. It seems to operate best in what is, historically speaking, an ecological, cultural and personal wasteland. For any gains, in human terms, which might have come from this process are largely offset by wasted resources, depleted natural environments, crowded slums, and worst of all, by the degradation and depression of successive generations of human beings. At virtually every stage of mechanization, whether in its crude and early stages or in its final form of eliminating the labourer altogether, the human costs have been heavy, and many, many negative human reactions have taken place. We have all witnessed examples, although perhaps not identified as such, of this human deprivation. We have witnessed the terrible increases in the incidence of alcoholism, the advent of drug dependency, the protests, marches, strikes and human alienation. Such activities, in my view, can largely be traced back to either human beings virtually giving up in futility, or human beings striking back in anger and confusion at the loss of dignity and meaning in their lives.

Mechanization or industrialization of this sort has really only left man with one all-important mission in life: to conquer nature. To conquer nature, in this context, means speeding up every natural process, hastening growth, quickening the pace of transportation, and breaking down communication distances by either mechanical or electronic means. To conquer nature is, in effect, to remove all natural barriers and human norms and to substitute artificial, fabricated equivalents for natural processes. It means to replace the immense variety of resources offered by nature by more uniform, constantly available products spewed forth by the machine.

From that general concept of conquering nature, a series of minor or subsidiary concepts may be postulated. One, that there is only one efficient speed, *faster*; two, that there is only one attractive destination, *farther away*; three, that there is only one desirable size, *bigger*; and four, that there is only one rational quantitative goal, *more*. Anything standing in the way of attaining these various goals has been characterized as signs of human backwardness and inability to function in the "modern world". In the same way, any institution or way of life which does not support these various machine and industrialized nations or resists change or efforts to conquer nature is viewed as a threat to those who ride the relentless road of industrial progress.

As early as 446 B.C., a Greek poet, himself probably echoing many unrecorded fables, pictured the Golden Age as one when "the earth bore neither fear nor disease, but all things appeared of their own accord; for every stream flowed with wine, and barley-cakes fought with wheat-cakes to enter the mouths of men." Although there is no mention of the machine in that early Greek's concept of Utopia, that dream-wish concentrates on the unlimited joys of a full stomach and an effortless existence which people frequently associate with automation. Another commonly expressed wish over the centuries has been that of finding some mechanical subsitute to take over the burden of painful human toil.

It is this effort to meet a recurring dream of the Golden Age or of Utopia that poses a paradox in both our early efforts at mechanization and its ultimate expression in automation. With the advent of mechanization and intense industrialization, we found that in order to justify the heavy capital investment necessary to create automatic machines and all those things that go with automation, it was necessary to invade distant markets for the sale of our goods, to standardize tastes and buying habits, to destroy alternative choices, and to wipe out competition from smaller industrial competitors which were more dependent upon face-to-face relations and which were more flexible in meeting consumer demands.

Even in the very early stages of mechanization, the number of workers needed to produce the final product was reduced, and the number of operations performed by any one labourer was likewise lessened, with a consequent loss of intelligent participation, as well as initiative, in the process as a whole. In recent years, we have seen the very dire results of this process of removing the individual worker from a meaningful and intelligent participation in the production of goods.

Rather than judging the success of mechanization on what physical and spiritual gain might be brought to man, we have judged the success of mechanization in terms of lessening the ratio of man-hours to the units of production, until finally, with complete automation, only the minimum supervision of the whole plant remained, while the "work" left is little more than that of inspection and repair.

Many who have studied this growing dilemma of the modern industrialized state have expressed the view that meaningful work is one of the many activities that has stimulated man's intelligence and enlarged man's bodily capacities. In this sense, work, in all its aspects, has played a decisive, formative part in the enlargement of man's mind and the enrichment of his culture. These people ask what merit is there in an over-developed technology which isolates the whole man from the work process, reducing him to a cunning hand, a load-bearing back, or a magnifying eye, and then finally excludes him altogether from the process unless he is one of the experts who designs and assembles or programs the automatic machines. Such a process makes difficult, if not impossible, the give and take that has existed hitherto between human beings and their environment, with the resulting degeneration of responsive and responsible intelligence. The notion that automation gives any guarantee of human liberation is wishful thinking.

A further question that must be asked is how long can the physical structure of an advanced technology hold together when its human foundations are crumbling away? Much of this has happened so suddenly that many people are hardly aware that it has happened at all. Yet, during the last generation, for many Americans and Canadians, the very bottom has dropped out of their lives; the human institutions and moral convictions that have taken thousands of years to achieve have virtually disappeared before their very eyes. Surely it is not too drastic to suggest that what we see happening in the United States in respect of the ''Watergate Affair'' is a prime example of foundations crumbling.

To this point, almost all that I have suggested to you could be described as negative and pessimistic. However, I believe so firmly in the resilience of man that I am convinced it is possible to successfully resist—or even back up—and begin to make intelligent and selective use of the various technological and industrial facilities and improvements that the affluent society has brought to us, instead of allowing the technical world to exert control over mankind.

The challenge is clear. We must recognize the dangers inherent in a frenzied, unheedful push towards that would-be Golden Age or Utopia which supporters of mechanization and industrialization suggest is attainable. I suggest that it is largely illusionary and that the closer we come to that goal, the less meaningful our lives become. We must endeavour to identify those advances which have helped in the past and can help in the future to eliminate a number of the debilitating and crushing problems we façe and, at the same time, not lead ourselves into the mindless, repetitive and de-humanizing aspects of the affluent society.

We must be ever observant and careful that we don't view progress in modern terms as necessarily a means of providing a better life for ourselves; we must be wary of jumping heedlessly into modern methods and approaches without fully understanding the potential consequences; we must understand and respect our past and appreciate what that past has meant to us and has done for us; we must recognize the value of a slower, more human society in terms of the development of man; and we must balance change with what we think society and mankind within society should be.

Balance, to my mind, is the key word. We must carefully examine change so that we are able to discard those aspects of change which would be detrimental to our way of life, and, at the same time, take advantage of those aspects of change which will enhance and improve our quality of life.

This is a very difficult and very challenging task. Given all of the facts and an opportunity to study and think about the issues, I firmly believe that we can collectively achieve that balance and, in the process, build a better society.

Premier Campbell was thanked on behalf of The Empire Club of Canada by Mr. Arthur E. M. Inwood.

NOVEMBER 15, 1973

The Promise of Progress in Government-Industry Relations

AN ADDRESS BY John J. Riccardo
PRESIDENT, CHRYSLER CORPORATION

CHAIRMAN The President,
Robert L. Armstrong

MR. ARMSTRONG:

Mr. Consul General, honoured guests, ladies and gentlemen: Who can make you happy? The Chrysler Man can! Yes, the Chrysler Man can. To paraphrase this lilting commercial, we of The Empire Club of Canada are very happy to have *the* Chrysler Man as our guest of honour today. Indeed, we are more than happy to welcome to our midst many Chrylser men on this occasion.

John J. Riccardo, President and Chief Operating Officer of Chrysler Corporation, is a New Yorker by birth (and he drives one from his home in Birmingham, Michigan to his office in Highland Park each day). Mr. Riccardo was born in Little Falls, New York, the son of a labourer who came from the Naples area of Italy. Mr. Riccardo Senior believed that his sons should be employed at an early age and found our speaker a summer job during his high school years in a nearby factory. The first day when John J. Riccardo came home from his first job he asked his father, ''Do you expect me to do this all my life?'' to which his father responded, ''No, there are other ways but I want you to learn what this way is like.'' The young Riccardo got the message and made plans to attend Teacher's College in Albany. He abandoned his desire to become a musician with the recognition that he was somewhat less than a virtuoso on clarinet and saxophone in the high school band.

From Little Falls, Mr. Riccardo progressed to Bachelor and Master's Degrees from the University of Michigan. He majored in Economics, planning to pursue a career as a University Professor, but inner doubts dissuaded him and he joined the Chartered Accountancy firm of Touche, Ross, Bailey and Smart in 1950. There on the first day he met Lynn Townsend, a member of that firm and now Chairman and Chief Executive Officer of Chrysler. Here the relationship began with Townsend and the two agreed that if ever Mr. Riccardo were to sever his ties with Touche he would contact Townsend first.

In 1957 our speaker joined Chrysler to become a member of the Townsend team. In slightly more than ten years he was President. His rise was so rapid that repeatedly he was in the position of supervising men to whom he had been reporting months before.

Within three months of his ascendency to the Presidency in January, 1970, Mr. Riccardo was forced to announce a $100,000,000 cutback in capital outlay to a roomful of stockholders, already stung by losses of $29.4 million in his company's poorest first quarter in its history. He had to take the responsibility for the dismissal of more than 1,000 white collar employees. A few months later the company lost its ''prime'' credit rating in the financial market but in Mr. Riccardo's first full quarter as President the company was able to report first half earnings of 42 million in 1971, a reversal of $73 million from the prior quarter.

Retrenchment required a hardnosed unsentimental approach and Chrysler's President did not shirk his responsibility. As a result of his necessary action, he acquired the back office nickname ''The Flame Thrower''. This man recognised that on his shoulders rested the jobs of 230,000 employees with whom he had to keep faith and he asked relief from no one for what he had to do.

Our speaker is known as the Numbers Man and to quote him, ''The important thing isn't being good with numbers. What matters is knowing what they mean and how to use them.

The question is how do you act on what the numbers tell you."

I like to produce one or two anecdotes to lighten the statistical side of introductions of prominent speakers but the store of anecdotes about Mr. Riccardo seems to be non-existent. At least no one at Chrysler has volunteered one, except to inform me that he is a superb gin rummy player.

One veteran automotive writer states: "There are apparently two things in the world the guy cares about. His family and Chrysler."

A word about Mr. Riccardo's family. He met his bride-to-be in a Spanish class at Ann Arbor. She and his five children keenly anticipate his evening arrival at home and the numbers stop at the front door. He says, "There are five kids there wanting help with *their* problems."

The week before he was officially named President only his wife knew the decision had been made. The day the announcement came out, on his arrival at home the children had strung out a banner reading "Welcome Home Mr. President".

Mr. President stood there for a minute accepting congratulations, at which point his four-year-old son (whose message in more mature terms would be interpreted, "Well, now that we have dispensed with the formalities . . . ") said, "O.K., Dad, now how about playing with the steam shovel." This is John Riccardo's release from the burdens of the day.

I shall not go into further detail concerning our speaker's many accomplishments. Suffice to say that he served in the China-Burma-India theatre in World War II with the U.S. Army Quartermaster Corps. He was Lay Chairman of the Archdiocesan Development Fund of Detroit in 1968 and was General Chairman of the Sixth Biennial National Religious Arts Exhibition. He holds honorary degrees of LL.D. and Doctor of Science, but is too modest to assume the title of Doctor.

Ladies and gentlemen, it is a great honour for me to present to this audience, John J. Riccardo, President and Chief Operating Officer of Chrysler Corporation, who will speak to us today on the subject, "The Promise of Progress in Government-Industry Relations".

Mr. Riccardo.

MR. RICCARDO:

Good afternoon. It is a great pleasure for me to be with you today and to spend some time talking with a group of fellow businessmen. The three years I spent working in Canada were the most productive and satisfying years I have ever spent. And it's really nice to be back.

I know that tradition calls for me to start out with some glowing remarks about our thousands of miles of unguarded borders and our long-standing economic interdependence and partnership. But I also know that there are people on both sides of the border who are not entirely happy with some elements of that partnership —with the extent of U.S. investment here, with the ratio of exported raw materials to imported finished products, or even with the Canada-U.S. auto trade pact.

Certainly relationships between governments, and between governments and industries, are constantly altered by variable pressures, not only economic, but political and sociological as well. However, without trying to make a very complex situation sound simple, I believe the majority view is that the positives in our partnership far outweigh the negatives, and will continue to do so in the years to come.

Because of that continuing relationship, I would like to spend some time today discussing some of the political and sociological pressures that are having a serious effect on businessmen in the United States, and appear to be having a similar impact here in Canada.

To set the stage for this discussion, I would like to cite a few examples of some rather difficult lessons we have been learning in the United States as we have set out to solve some of our current national problems. With your permission, I will draw these examples from the automobile industry, not only because that's the business I know best, but also because the lessons which can be learned from our experience may well have universal application.

As you know, the rapid growth in population and the trend toward centralization in our country have brought with them a steady increase in urban congestion. They have also brought a number of problems—air and water pollution, litter and waste disposal, safety issues, inadequate transportation, energy shortages, and all the rest.

We Americans have never learned our history lessons quite as well as we should have. We have too often failed to do the kind of long-range national planning which might have lessened the impact of these social problems, and have made the mistake of waiting until they reached the crisis stage before we united to solve them.

As you might expect, the nation's growing concern over our critical issues of pollution, safety, and energy were most loudly expressed by environmentalists and consumerists who described them in terms designed to get everyone's attention. It worked. And although the rhetoric was often too strong, we all ought to recognize that the problems were real.

Unfortunately, the solutions to these new problems are highly complex, requiring technology of a much greater sophistication than anything we have known in the past. Our modern technological society is a very sensitive instrument. And because of the great interdependence of its many parts, its balance can be very easily upset. Attempts to solve problems through artificial controls in one area often create undesirable secondary effects in another.

We have come to believe in our society that no challenge is too difficult to be solved by modern technology. The revolution of rising expectations has spread to the demand for instant solutions to every problem. If we can send men to the moon, why can't we do just about anything we want, anytime we want it. We have become a nation of hip-shooters. And our government, recognizing this demand for quick remedies, started to move toward quick solutions. In most cases, those solutions were in the form of new regulations. And the regulations were often hastily drawn and based on incomplete knowledge.

The automobile, as a dominant factor in almost every element of the American life style, was a target for a proportionate share of those new regulations.

However, in time it became apparent that some of the new regulations were written without enough consideration for need or feasibility, and without an understanding of the sensitive balance of our nation's economic and social system. As this information gap became apparent, we in the industry, in the interest of society as well as in our own interests, were forced to break tradition and to fill the need for this basic information. We were in the new and often uncomfortable position of challenging the traditional wisdom, questioning old assumptions, and calling for the scientific research which up to that point had been lacking.

Despite all the rhetoric and debate, our position was really quite simple. We were asking that decisions which will have serious, long-term effects on society be made on the basis of considered, realistic, scientific data. And I believe that I can support the contention that some progress is being made in that direction.

For example, as recently as last year we heard the critics saying that Americans had ended their love affair with the automobile—it was going the way of the horse and buggy—although it was never quite clear what would replace it. The only observable change in that love affair is the trend toward smaller cars, a trend which the industry has been actively responding to for several years.

The vitality of the automobile industry will survive regulations, economic controls, and the supposed lack of enthusiasm because overriding all of the problems is the fact that the automobile still provides a better means of personal transportation. It provides freedom of movement, freedom of choice, and personal pleasure better than any known alternative.

So, in a sense, we can consider it a victory for the cause of reason that we have at least established that the automobile is a valuable and essential component of modern life. That's a step in the right direction. And we are beginning to see others.

In the area of automobile safety, for example, there is a growing recognition that there are cost-benefit factors involved in protecting occupants from injury. Not too long ago the much-talked-about air bag was assumed to be the panacea—fool-proof passive protection for passengers involved in an accident. And the Department of Transportation established a rule requiring in effect that it be installed in all new cars in the near future.

However, because the rule was based on inadequate test procedures, it has been overturned in the courts. In addition, subsequent studies have also established that not only was the rule too hastily drawn, but also that the combination lap and shoulder belt system which is standard on all new cars has the potential of saving more lives than air bags, and at much less cost.

There is still some public resistance to the new belt system. But we are confident that logic will prevail, and that the acceptance rate will be much higher as we do a better job of education on the advantages of safety belts. Incentives, such as reduced insurance rates, seat belt laws, and even loss of insurance coverage for failure to use the system all can contribute to fuller utilization. And the system itself, requiring no maintenance and experiencing no deterioration, will, as its use increases, clearly demonstrate its superiority to the still unproven and much more expensive air bag.

Another case in which the facts, at long last, are beginning to be heard, is in the still-boiling controversy over the regulation of automotive emissions.

When the existing U.S. laws governing automotive emissions were passed, the premise was that three emissions—carbon monoxide, hydrocarbons, and oxides of nitrogen—pose a serious threat to health. Unfortunately, at the time the laws were passed, there were too few studies or facts available to either prove or disprove that premise.

In the years since those standards were set, however, studies have been made, and facts have been assembled, and they do not support the premise. The automobile industry, against conventional wisdom and in the face of considerable criticism, has made every effort to make those facts known, so that new standards could be established based on need, cost, and feasibility.

As a result of our efforts, Congress has commissioned the

National Academy of Sciences to make a new evaluation of the auto emissions standards. When the Academy's report is finally delivered next fall, we believe its findings will support our case. Unfortunately, that will be one year too late. We will already be locked in to an expensive system of emission controls that might have been avoided.

The lesson to be learned here is that we should have worked harder, earlier, to help insure that we got off on the right foot in the first place with the kind of information needed to establish a more realistic law.

Today we are facing a comparable situation as the world comes to grips with the energy crisis. The automobile, as a major energy consumer, is getting the same degree of attention as it did at the start of the safety and emissions crusades.

Ironically, those same devices that have been mandated for the automobile in the name of health and safety contribute to the automobile's role as a villain in the fuel crisis. Safety equipment adds to the weight of the vehicle and cuts mileage. Emission control systems cut down on efficiency—and on mileage.

Given a realistic set of emissions standards, and sufficient lead time, we could have both clean air and improved fuel economy. We would not need to sacrifice one to get the other.

Beyond that, we believe the total energy crisis can be short-term if we establish the right priorities, encourage development of new energy sources, and institute policies that will expedite the full use of the abundance of energy already available to us.

Hopefully, we will not repeat the same mistake with the energy problem as we did with safety and emissions. Unfortunately, we have already waited until the problem reached the crisis stage before we began working to solve it. As a result, the job of bringing reason into the energy debate will be extremely difficult. But even at this late date we must work to make sure that the long-range goals that are established do not bring counterproductive secondary effects which we will come to regret.

These few examples I have given here suggest that we must make greater progress in the direction of a more pragmatic approach. I do believe there is already some light at the end of the tunnel. But the light didn't just happen. We at Chrysler, for example, have had to do our own research, check our own findings, and then take them to the government and to the public. We have had to buy full-page ads and make speeches, testify at Congressional hearings, and visit with individual Congressmen to try to get the facts across. And we are going to have to keep on doing it. But I'm sure you will agree that's the way it should be in a free society.

Unfortunately, a large part of the effort we have expended so far has been much too late. It has been remedial—getting things undone instead of done. It has required an expenditure of both time and money which would have been better spent before the crisis was upon us. And it will force the expenditure of scarce resources that might otherwise have been preserved. Today, when the world's resources are seriously strained, no country—not mine and not yours—can tolerate that kind of waste.

So what do we learn from these examples, and how do we avoid similar problems for industry and government on both sides of our border in the future?

It would appear that we in the U.S. have allowed a situation to develop in which government and industry, instead of co-operating to identify and solve long-range problems, have placed themselves in an adversary position. As a result, all too often when the crisis is already on us, we hear charges and counter-charges of conspiracy on the one hand and lack of foresight on the other. And we see very little effective action.

Perhaps the time has come to step back from this situation, and at the risk of sounding simplistic, ask some rather basic questions about the responsibility of business and government to each other. For example, what should government expect from us businessmen? Obviously, it has a right to expect us to do a good deal more than make a profit and pay taxes. But along with all the other responsibilities we must accept as good citizens, we have an especially important responsibility to speak out as clearly as we can on issues of public concern.

We ought to have a hand in determining facts on public issues during the early stages of debate. We ought to help weigh the costs of the solutions against the benefits, and decide the best way to get the job done. That's the nature of business. But our skills ought to be available to government before the laws are established. And government should be the one to demand that we weigh in early with our contribution.

Government should also expect us to deal from fact and not just from a desire to keep government out of business. The credibility of business is not very good. And it can be improved only if we determine the facts before we speak, and then speak out as clearly and with as much cool logic as we can bring to bear.

On the other hand, what do we in industry have a right to expect from government? I believe we should expect that legislative decisions be made on the basis of prudence rather than passion. We ought to expect a more careful attention to the second and third effects of any new law, with special attention to costs and benefits. And we have a right to expect that a law, once established, not necessarily be considered immutable for all time. The needs of society do change, and laws have to change with them.

Then finally, and most important, what do the citizens of your country and mine—the people at whose pleasure we are permitted to operate—have a right to expect of us—both in business and in government? Certainly they don't want to see two adversaries locked in combat. They have a right to expect more than an attack on each other's credibility to the point where all credibility is destroyed.

I believe they have a right to expect us to work together—using all the resources of labour, the scientific community, and our educators—to establish realistic long-range goals which can be achieved with the most efficient use of resources. Because society's current problems demand more technical solutions than in the past, our people have a right to expect us to establish our goals and set our priorities on the basis of the best data available. In order to make this happen, reason must replace emotion in the discussion of such critical issues as the energy crisis. Common sense must prevail over nonsense in the field of international trade and relations between sovereign countries. Facts must replace fiction in the great debate over the quality of our air and water. And discretion must replace waste in the use and the allocation of our very scarce resources.

The list could go on and on. There is no shortage of problems, and there are no simple solutions. But I believe if we are wise enough to learn from experience, we businessmen, our representatives in government, and all the other forces in our society, can work in co-operation to solve the many problems that stand in the way of the great promise of the 1970s. As businessmen, as nationals, as world citizens, we can do no less.

Thank you.

Mr. Riccardo was thanked on behalf of The Empire Club of Canada by Brigadier General Bruce J. Legge, C. St. J., E.D., C.D., Q.C.

NOVEMBER 22, 1973

Energy and Government

AN ADDRESS BY The Honourable W. Darcy McKeough,
MINISTER OF ENERGY,
PROVINCE OF ONTARIO

CHAIRMAN The President,
Robert L. Armstrong

MR. ARMSTRONG:

The term energy has, at this point in time, I am sure, achieved its greatest prominence in the history of the English language, and it is fitting indeed that The Empire Club of Canada is honoured by the presence of Ontario's Man of Energy, The Honourable Darcy McKeough.

And what more appropriate time for us to receive a message on the subject of energy than Grey Cup Week, which is climaxed by our great national gridiron classic at CNE Stadium Sunday afternoon where the best of the twain *shall* meet. Would that we could harness all the energy associated with this great annual spectacle both on and off the field of battle.

Our speaker today heads the new Ministry of Energy and is Member of the Provincial Parliament for Chatham-Kent. He is a resident of the City of Chatham and is a graduate of Ridley College and the University of Western Ontario. The tradition of dedication to the public service began with his forbears in 1847 and he is the sixth member of his family to have held public office in Chatham. At 26 he first became a candidate on the local political scene and was elected as a Member of the Chatham Municipal Council. Four years later he was elected Progressive Conservative Member of the Ontario Legislature for his home constituency. An active back-bencher for three years, serving on many committees, our speaker was named Minister without portfolio in the Robarts Cabinet in November, 1966, and one year later accepted the portfolio of Municipal Affairs.

Here Mr. McKeough demonstrated his real ability to govern, and with the power of his open and responsive personality and his boundless energy was able to persuade many recalcitrant Municipal Councillors to modernize their planning to keep up with the fast-moving twentieth century. Reform—sometimes painful and drastic reform—was required and the steps that had to be taken were not always politically popular. Mr. McKeough was convinced that Municipal Government and services must adapt to the current needs of residents and that the impetus for reform required Provincial Government leadership.

He was responsible for the incorporation of the Regional Municipalities of Ottawa-Carleton, Niagara, York, Sudbury and Waterloo, for the amalgamation of the cities of Fort William and Port Arthur, and the incorporation of the City of Timmins-Porcupine.

In March, 1971, Premier Davis appointed him Treasurer of Ontario and Minister of Economics, and Chairman of the Treasury Board. He was reappointed Minister of Municipal Affairs in February, 1972, and in April of that year was appointed Treasurer of Ontario and Minister of Intergovernmental Affairs. Here he championed the development of an atmosphere in Ontario in which the tax system will operate fairly and in the interests of individual initiative and effort. He was responsible for the Assessment Act, the Audit Act and the Residential Property Tax Reductions Act.

He resigned from the Cabinet on August 31, 1972, and for several months did some real soul searching as to whether he should abandon the political scene in favour of more lucrative and less demanding pursuits in private industry.

It is our good fortune in Ontario that our speaker stayed on in Government, and in January 1973 he was appointed Parliamentary Assistant to the Premier with special responsibility for energy policy. After six eventful months Mr. McKeough was appointed Ontario's first Minister of Energy. In a feature article in the October 1, 1973 issue of the *Toronto Star* the headline read "The new McKeough is raring to go".

He is a take-charge guy who has been likened by some to the late C. D. Howe. Undoubtedly Mr. McKeough will never be accused of saying "What's a million". He is referred to in the Legislature as the "Duke of Kent", but his motto appears to be that of the Prince of Wales—"I serve".

Our speaker was active in earlier days in Little Theatre in Chatham, and once won the Western Ontario Drama Award as best supporting actor. He might well qualify for an equivalent award in the Provincial Government.

Rumour has it that his charming wife, Joyce, is taking private flying lessons and I am not sure whether she has received her licence yet. In light of recent events there may be more than passing significance here.

Ladies and gentlemen, I am proud to present to this audience the Honourable Darcy McKeough, Minister of Energy for the Province of Ontario, who will address us on the subject: "Energy and Government".

Mr. McKeough.

MR. MCKEOUGH:

It is intriguing to think of the action out at the CNE Stadium that we will see on Sunday. It's not just Grey Cup week. It's Edmonton meeting Ottawa. And those of us in the energy field have come to recognize that when Ottawa and Edmonton come face to face it can be quite a spectacle!

I'm not going to talk about football today. I'm going to talk about energy. And because my talk is rather longer than I would have preferred—this is an important audience and there are a number of things I would like to say—I'll move into my subject.

I propose to speak of areas of agreement and disagreement between Queen's Park and the banks of the Saskatchewan River in Edmonton.

Areas of misunderstanding are understandably highlighted. This can cloud the fact that there are major areas of agreement. And, although we might phrase it differently and shift the emphasis on some points, I think that the substance would be basically the same whether stated by me or by an Alberta spokesman.

1. The first area of agreement—and I think the citizens of Canada have every right to anticipate that we would agree on this —is that Alberta and Ontario share the view that the interests of all Canadians are paramount and that neither province should use any leverage that it may have to reduce the common welfare of all Canadians.

2. Second, as I noted in my June 1 report to the Premier, "The era of cheap energy is over". Alberta and Ontario agree.

3. The third point is not as clear cut. Alberta does not qualify its insistence that the provinces own the resources. Ontario agrees that this expresses the narrow legal position but tends to think that the legitimate expectations of Canadians should modify the specifics of the legal position.

In this context Premier Davis made the following statement in his June 7 speech in the Ontario Legislature:

> "We fully acknowledge that Alberta, and all other provinces in Canada, share the same claim we are asserting as Canadians to the national resources of Canada. Ontario has rich resources — uranium, nickel, copper, iron ore. We insist that resources in Ontario are Canadian resources with all that this connotes. Only secondly should they be available to the markets of the world."

In terms of the legal ownership of the natural resources there are no differences. Ontario, however, is ready to make all resources in Canada part of a negotiating package. This may be less true of Alberta.

4. As part of the concern of our two provinces with respect to nationhood, we are agreed that the capability should exist to supply all parts of the country from domestic oil source.

5. We are in full agreement that the maximum upgrading of resources should take place before they are exported from Canada. I am confident we are agreed that the location of facilities should be dictated by the best interests of the nation. Certainly this is the position of Ontario and, again, I would refer to a statement in the June 7 speech by Premier Davis:

> "When we brought forward legislation designed to reduce the export of concentrates and minerals in a relatively unprocessed state we required that the additional processing should be done in Canada: the mining companies are fully able to satisfy the requirements of our legislation by processing in any province of Canada ore that has been produced in Ontario."

Ontario and Alberta equally agree in fair competition and in nation building: so we agree there should be the maximum processing of Canadian resources in Canada, irrespective of where in Canada the processing takes place.

6. We agree that we have the kind of responsibility toward the United States that any neighbour and supplier should extend to any good neighbour who, over a long period of time and changing supply and demand circumstances, has been a faithful customer subject, obviously, to the interests of Canadians being paramount.

To elaborate a little, I suggest that if some belt tightening should be necessary in Canada to sustain current exports to the United States I, for one, think we should tighten our belts. And this isn't pure altruism. Any tendency to pull the eagle's tail feathers should be avoided. In the first instance, if I may use an old fashioned word, it isn't very honourable to harass an old friend, in a time of distress. In the second instance, it isn't smart. In trade negotiations with Canada and in terms of the impact of their policies on specific regions of Canada, the United States has strength and relevance, as well as historic rights.

The United States was, is and will be a trading partner of this nation. Modifications in trade policy with the United States should not be unilateral and precede discussion. And for pragmatic reasons we should recognize that the market value of various energy sources can alter. We don't want the actions of the mid-1970's to rise to haunt us in the mid-1980's.

7. Alberta holds the view that the revenue from any export tax should accrue to the producing province and not to the nation. It is probably correct to say that Ontario has sympathy with this feeling, subject to some further definitions. In terms of the definitions we might diverge.

Export taxes might go to the producing provinces and some part, indeed, might go to the producing companies to provide capital for further exploration. There are strong arguments for assuring that exploration is not significantly reduced, at least relative to the need for future supplies. That's fine. But if the consuming provinces, including Ontario, have served the national interest by failing to resist all price increases, in fairness some of the tax benefits, if practicable, should ultimately be applied, no matter how indirectly, to influencing supply security. This may mean investment in other than the presently producing provinces by either or both of the public or private sectors.

8. Our eighth area of agreement is one on which we all must agree: there is a real need for conservation of energy across the nation and, in the circumstances of today, to waste energy is wrong.

9. I would suggest that the ninth area of agreement is a recognition by Ontario of the validity of Alberta's concerns as to the place of its resources in price terms in, if I might so phrase it, the time stream. In other words, if Alberta held its oil and natural gas in the ground and sold it five or ten years from now it is not unreasonable to expect a higher price, in constant dollars, compared with moving it out today. This is a crucial consideration with any depleting non-renewable resource.

Ontario accepts that the assumption is probably valid that the future price will be higher, especially given that gas from the Mackenzie Valley and the Arctic Islands will come on stream at a higher wellhead price and carrying a far higher transportation component.

Point nine leads me directly into the basic issue—price.

We hang up, to a degree, on that tenth point. Is there, in fact, a formula or, indeed, a broad principle which consumer and producer can jointly endorse with respect to price?

I would like to explore, with your indulgence, one proposal that has many of the characteristics of a "straw man". I refer to indexation and, more specifically, to the indexing of the price of natural gas to the cost of equivalent BTUs found in oil.

I want to deal at some length with the proposal to index the price of natural gas to oil, to indicate the complexity of pricing and to make it clear that, even in the areas upon which we have not reached agreement, discussion, thought and exploration is still going forward.

It is easy to overlook some of the implications of indexation and to be simplistic. In this context I want to quote four short paragraphs from a statement made in late September by the Minister of Energy, Mines and Resources to a meeting of the Canadian-American Committee, in which he almost incidentally seems to come out in favour of indexation.

This is what he said:

> "Natural gas shortages in the U.S. are very real, incremental supplies of natural gas are being priced far in excess of Canadian export prices under long-term contract.
>
> "The government is actively considering methods by which to increase the price of gas moving into export markets.
>
> "In the domestic market gas is currently under-valued. The government is seriously considering proposals that would call for increased wellhead prices of natural gas to western producers.
>
> "It is not the government's intention to hold gas prices

> below competitive fuel prices in Canada. We are seriously considering proposals which would allow gas prices in Canadian markets to fluctuate and reflect prices of other competitive fuels.''

My concerns as to federal policy—or the lack of it— have been widely reported and I do not propose to reiterate them today. But there are implications in this statement that concern me.

As a case in point, I would like to discuss with you the validity of the unqualified statement that ''in the domestic market gas is currently undervalued''. Is it? If we are talking about the relative cost of BTUs from gas and oil it could be equally argued that gas is appropriately priced and that oil is over-priced.

This is not simply a provocative statement. Let me elaborate. Since the establishment of the national oil policy in 1961, oil west of the Ottawa Valley has been permitted to reflect U.S. price levels and, in particular, prices in the Chicago market which for many years were among the highest crude oil prices anywhere.

Why were they so high? The U.S. oil producers in the 1950's persuaded the U.S. public and the U.S. government that they should be high in order to permit a fast recovery of the exploratory development and production investment. This, the argument went, would enable producers to plough back wellhead revenues and enhance U.S. crude oil reserves through the resulting new discoveries. To accomplish these purposes and so serve the national interest, they needed to be artificially shielded from crude oil imports.

What passed for wisdom and public concern in the 1950's is revealed in the 1970's as self-serving folly. The continental U.S. oil reserves are now approaching depletion. The high wellhead revenues of that period accomplished two purposes:

1. It enriched the U.S. oil industry (which, in fairness, has ploughed much of its profits into exploration all over the world); and

2. It laid a firm foundation for the exacerbation of the U.S. oil crisis of the winter of 1973/4. The hard fact is that the U.S. oil companies did not establish reserves adequate to meet the demands of a couple of decades later and, protected from the competition of oil from the Middle East and elsewhere, speeded the depletion of the reserves under the control of the United States. U.S. crude oil production was maximized during the 1960's when it should have been conserved through the substitution of oil from offshore. The results belied the simplistic high field price arguments advanced by the U.S. oil industry in the 1950's and, to some extent, advanced today by gas producers.

To revert to the quotation, the Minister went on to say that "It is not the government's intention to hold gas prices below competitive fuel prices in Canada." With respect, and trying to be as constructive as possible, I would invite him to join me and to cross the border and look at the experience in the United States where the life index of gas reserves exceeds that of oil in spite of the fact that the historic price differential has favoured oil. The proposition that higher prices necessarily increase available reserves of fuel from conventional sources is subject to serious dispute.

I am not advocating rolling oil prices back to the point where, in terms of price per BTU, it is equivalent to natural gas. I am aware of the market circumstances. The U.S. conventional gas and oil reserves are rapidly depleting. O.P.E.C. exists and is an important factor in the world petroleum pricing equation. The Arab states are using oil as a bludgeon in their foreign policy.

Circumstances have altered but that is no reason why, in Canada and abroad, there should be over-reaction and impulsive moves based upon too little thought and too little study. The oil will flow again from the Middle East. Conservation measures will begin to have an impact. Alternative sources of energy and relevant new technology will be developed. The world is not going to hell in a hand basket—or on a bicycle. And so let's not imperil the future in an ill-conceived and hysterical effort to ameliorate the concerns of today.

It's easy to jump prices. It's hard to roll them back. The U.S. was led, happily singing, down the garden path of assuming that permitting prices to run up, irrespective of changes in production costs, would result in secure supplies. It didn't have that effect and it's just not wise to blindly walk that trail again.

And indexation wouldn't just escalate the price of gas. It would have effects with respect to economic policy in Canada, to the regulation of energy prices, to monetary policy, to our existing anti-combines regulations and to past postures by the producing companies. It would have some other direct effects.

I'll touch very briefly on each of these points.

Indexation and Economic Policy

Indexation would tend to insulate the price of gas from changes in costs of production and, instead, would tie it to changes in the price of another important commodity. This would tend to act as a fuel to inflation and, equally, to deflation and so would accentuate upswings and downswings in the economy.

I suggest that is not good economic policy.

Indexation in Private Enterprise and Regulated Systems

I'm a businessman and a free enterpriser from a long way back. I've based my business philosophy on the simple faith that price was determined in the long run by the cost of production and that price adjustment clauses in agreements ordinarily were activated by the presentation of irrefutable evidence of unanticipated cost changes. In the short run, of course, price responds to the interaction of supply and demand. Where the market is clearly and demonstrably imperfect, as with utilities which have a monopoly, the public sector, on behalf of the relatively defenceless citizenry, imposes some form of price regulation. That regulation is designed to assure the welfare of the community through protecting the citizens from unreasonable price increases and, concurrently, assuring that the returns to the regulated industry are such that it can provide the needed level of services and supply.

An indexation that automatically passes on a price increase related to a purported value change—not a cost change—departs pretty wildly from my concept of pricing.

Indexation and Monetary Policy

Monetary theory and practice combine to confirm that a price increase that does not reflect cost increases tends to be inflationary.

In the speech which I quoted earlier in this paper the Minister of Energy, Mines and Resources told the Canadian-American committee members that it would be possible to index gas prices to those of competitive fuels to ensure that they rise in step with energy prices generally and, in the same speech, indicated that the export tax on oil was a necessary anti-inflationary measure to keep domestic oil prices from being automatically dragged up by ever-rising U.S. oil prices.

With respect, I would suggest that it is inconsistent to slap down one inflationary cause and to propose to nurture another:

Indexation and Anti-Combine Regulations

I think it reasonable to insist that the petroleum industry establish that indexation of gas prices to those of a mix of oils does not do violence to the provisions of Canada's anti-combines regulations.

Indexation and the Industry

I don't suppose it is quite fair to ask corporations to be wholly consistent over time and changing circumstances. Up to 1971 the price of Western Canadian natural gas delivered in Toronto exceeded the price of the hypothetical mixture of fuel oils to which it is now proposed the price of gas should be indexed. Prior to 1971 therefore, there was little talk of indexing. Relative prices of gas and oil and the absolute price of the advocates of indexing have altered in a significant way since that date!

Direct Effects of Indexation

I see a distinct possibility of the consumer and the Canadian economy being whip-sawed if indexation was agreed upon. It is being advocated to push up the price of gas. Assuming the market works at all this will result in a marginal shift from gas to oil by consumers and this will put up the price of oil; this will automatically escalate the price of gas and, in lock step, the price of gas and the price of oil will march up together.

In the energy sector we would create an inflationary monster that fed on itself.

Surely there are better ways of ensuring the adequacy of Canada's reserves.

You have been very patient and I have spoken at some length. I wish to add a few concluding comments.

My concerns with respect to indexation are real but I do not want to leave the impression I do not think it is worthy of further thought. Its implications must be thoroughly explored. I cannot at this time see it as a simple, definitive answer but, equally, I do not think it helpful or appropriate for me to assume simplistic, fixed postures.

My strong disposition is to feel that the Holy Grail we are seeking—try hard to think of me as a Galahad!—in this pursuit of a Canadian price for a Canadian resource is a point on a spectrum—a point that is located somewhere between wellhead price controls at one extremity and the opportunity price obtainable from distressed export customers at the other.

Where on that spectrum the price should locate is not yet an area of agreement between Alberta and Ontario, but I am confident the two provinces would agree it cannot be at the highest price any distressed buyer abroad might be prepared to pay. So that's a point of agreement.

I would have to say that I don't particularly favour the other end of the spectrum: nationally administered wellhead price controls present problems of administration, a real difficulty in defining what is a reasonable rate of return and a problem in agreeing as to who will be the cat-beller who will make that price determination. I suspect that's another point of agreement.

Somewhere in between the dictated price at the wellhead and the pure opportunity price the answer must lie. This tenth area of complete agreement is awaiting definition. Certainly I can state that Ontario is attempting, with an open mind, to find that point on the spectrum that is ''reasonable'' for both the producer and the consumer in a Canadian context.

My concerns, predictably and properly, are for Ontario, but I insist that I am equally concerned as to the national welfare. In this I claim no exclusive virtue. I must assume that the governments of Canada and Alberta and the other provinces, as well as the officers of the various corporations involved, are influenced by the same broad motivations. I make the assumption that the differences are in perspectives and not in motives.

As Canadians we must do the right thing.

The circumstances in the Arab countries and the world have created abnormal circumstances. It is a mistake to make policy in the eye of a hurricane, where perspectives are distorted and twisted. It is a mistake to make fundamental, irreversible, structural changes in the pricing policy of fossil fuels at a time when the Arab world is holding the rest of the world to ransom.

I am not pleading the case of the user provinces. I am pleading the case of the nation. It would be far too easy under the pressures of today to pay too high a price for apparent security of supply and build an unnecessarily high energy cost component into the heating of the homes of our citizens and the powering of our industries.

Tomorrow the Provincial Ministers responsible for energy, together with the Minister of Energy, Mines and Resources, will, at long last, together discuss a national energy conference— date, time, place and agenda. This will give some substance to an eleventh area of agreement between Alberta and Ontario—an agreement supported by all the other provinces—that a national energy conference should be held.

It underlines—and in this area underlining is long overdue —that Canada is not a unitary state. It is a federated state and it is specific in the Constitution that the provinces are not creatures of the central government.

If there were, in fact, a single government within the nation it might be somewhat easier to accommodate the interests of the producing and the consuming regions of the nation. But given that there are eleven governments and all produce energy and all consume energy, and given that all the governments have ownership in energy resources within their borders, the real alternative would seem to be that all must and should make inputs into the design of a national energy policy.

I repeat that this is a federal state with eleven governments, all having authority for decision-making within all or some part of the nation. If there is to be effective planning it must involve the ten provincial governments. If it does it is possible that solutions can be found in these areas where there is presently an absence of agreement.

I assure you that Ontario, for one, will be seeking an answer— an answer that is fair and equitable and that is acceptable not only to Ontario but to all of Canada.

Thank you very much.

The Honourable Mr. McKeough was thanked on behalf of The Empire Club of Canada by Mr. Sydney Hermant.

NOVEMBER 29, 1973

Policing in Today's "Sophisticated" Society

AN ADDRESS BY Commissioner W. L. Higgitt,
ROYAL CANADIAN MOUNTED POLICE

CHAIRMAN The President,
Robert L. Armstrong

MR. ARMSTRONG:

Honoured guests, ladies and gentlemen: The glorious history of the Royal Canadian Mounted Police began soon after Confederation when the newly formed Government of Canada was encouraging the opening and settling of the West. There were threats of annexation from the United States of all or part of the Territory and it was deemed necessary to establish the rule of impartial law in order to prevent lawlessness. A decision was reached to recruit, equip and train a mobile mounted police force that would move onto the plains ahead of the settlers. A proposed name for the force was "North West Mounted Rifles" and the news, which appeared in the press, caused concern in Washington. Sir John A. Macdonald, Canada's first Prime Minister, recognised the delicacy of the situation and drew his pen through the words "Mounted Rifles" which appeared on the draft bill and replaced them with "Mounted Police". The North West Mounted Police Act was given Royal Assent on May 23, 1873.

On July 8, 1874, two groups of approximately 150 recruits each were sent: one group over the Dawson route to Fort Garry; and the other, with approval of the United States Government, to Fargo, North Dakota. The groups joined forces at Fort Dufferin, just north of the international border, and started the long march west to the Rockies and into the history of Canada. The Government of Canada had gambled heavily on the ability of a handful of men to carry law and order into the prairies. The spirit of those men made the gamble pay off. The settlers who came in thousands found peaceful communities in which the rule of law prevailed, even in the most remote settlements. The prairies grew and developed without lynch law, massacres or "the rule of the six gun". The present force of twelve thousand could not have asked for a stronger or richer heritage.

The expression "the Mounties always get their man" is a creation of fiction closer to the Hollywood Rose Marie kind of Mountie than to the real thing.

"I solemnly swear that I will perform the duties required of me as a member of the Royal North West Mounted police, without fear, favour or affection of or towards any person."

That was part of the oath of office required on enlistment in the ranks of the original force. The key words "without fear, favour or affection" became the title of a book, the author of which was Vernon A. M. Kemp, a former Assistant Commissioner. The motto of the Force which appears on its official crest is "Maintiens le Droit"—"Uphold the Right".

The oath of office was taken by William Leonard Higgitt, present Commissioner of the Royal Canadian Mounted Police at Regina in September 1937. After three years in Saskatchewan, he was assigned to special duties in the then Intelligence Branch of the force, being promoted to the Commissioned rank of Inspector in 1952. Then, after two years as a personnel officer in Ontario, he was transferred to Montreal assuming responsibility for the direction and supervision of investigative work in the western half of Quebec, excluding Montreal.

After three years he returned to Headquarters in the Security Service of the Force. In 1960, Commissioner Higgitt was posted to London, as Liaison Officer for the U.K. and Western Europe. Returning to Ottawa in 1963, our speaker four years later became Director of Security Service and Assistant Commissioner. In 1969 he was appointed Commissioner of the Royal Canadian Mounted Police.

Commissioner Higgitt was invested with the insignia of Commander in the most Venerable Order of the Hospital of St. John of Jerusalem by His Excellency, Governor General Michener, our Honorary President and a highly respected Past President of this Club.

In September, 1972, Commissioner Higgitt was elected President of the world-famous international criminal police organization INTERPOL. So, Ladies and Gentlemen, it is clear from the foregoing that our speaker has far more important duties than the glamorous one of being "The Commissioner of the Musical Ride".

I am proud to present to this audience, in honour of the centennial year of the world-famous Royal Canadian Mounted Police, its distinguished Commissioner, William L. Higgitt, who will speak to us on the subject, "Policing in Today's 'Sophisticated' Society".

Commissioner Higgitt.

COMMISSIONER HIGGITT:

It is indeed a pleasure for me to be here with you today. We in the Royal Canadian Mounted Police have been commemorating our first one hundred years of service to Canada during 1973, and as the Commissioner of the Force I have enjoyed a very exciting year, travelling to every part of this great country and meeting and talking to thousands of people. During our Centennial Year we have invited all Canadians to join with us in our celebrations and thereby get to know us better. The response has been tremendous. We in the Force have had a most thrilling—and most gratifying—100th birthday.

Our Centennial Year is fast drawing to a close and we are looking forward to meeting the challenges that lie ahead. In thinking of this year and of the way the people of Canada have come forward to honour us, I have asked myself, "Why do Canadians feel this way about the Force?" "Why have they taken us into their hearts?" I think I have the answer—*service*.

We have been serving Canada for one hundred years. When it established the North West Mounted Police in 1873 the Government of Canada established a truly unique force. The first task assigned to it was to move out into the vast and largely unknown expanse of the Canadian prairie, meet and establish friendly relations with the native people, establish Canadian sovereignty over the area, and provide orderly conditions for peaceful settlement.

The original Force consisted of three hundred men recruited in Eastern Canada. It is significant, I think, that not only did these few early adventurers carry out their assigned tasks, operating on foot and on horseback, under the most primitive of conditions, but they did it without violence. It is a matter of pride for us even today that not a single shot was fired in anger by any member of the Force during its first twelve years of existence. Not many have been fired since either. Peace and relative tranquility were brought to the Canadian West and maintained there without the trauma and disorder that characterized the plains to our south.

The individual mounted policeman became a familiar figure in the West. When the settlers started to move out in great numbers, he was already there. He was certainly familiar as a policeman, but his was a broader service. He was a friend, often a doctor, a counsellor, a carrier of mail. He brought food, he found lost persons, he helped those in trouble, he arranged weddings, and he buried the dead. He became a part of those early communities.

Later frontiers: in the Yukon in 1894; in the Mackenzie Valley, the shores of Hudson Bay and the Arctic Coast by 1903; in the high Arctic, the Arctic Islands in 1920; we were there establishing Canadian sovereignty and an official Canadian government presence. The Force provided that presence but it also provided those other services that it had become known and respected for on the prairies years earlier. I like to think that this tradition of service is firmly established not only in the Royal Canadian Mounted Police, but in all Canadian police forces. I also like to think that this is what the Canadian people were acknowledging when they joined us in our Centennial celebrations this past summer. It will be an honour for us to continue to serve Canada and Canadians. We have always been given such tremendous support.

This brings me to the more serious part of my talk. Here in Canada I am satisfied we do have the best police service in the world. Canadian police forces are well staffed and well equipped to combat crime in today's fast moving, so called "sophisticated" society. I don't think we need more laws, or tougher laws, to enable us to continue providing a good police service for you. We need your support and your help in enforcing the laws as they stand right now. Remember, the job of a policeman came into being so that other citizens would not have to interrupt their regular daily routines to band together to put down lawlessness. I don't need to remind you that even in our own civilized society an interruption of police services brings chaos. We know that only too well. We have seen it happen. You may have been shocked by the forced realization that almost total lawlessness is very close to the surface in our very midst. We can all acknowledge that police services are necessary. Let us not forget then that the man who is providing that service is a good-living, law-abiding citizen, the same as you are, and that as citizens both you and your policeman have an obligation to preserve the peace. Remember too that most of the authority the policeman has is merely an extension of your own—if he was not providing the police service, you would have to provide it for yourself.

As informed citizens you should be concerned to see that the police of this country continue to have the necessary tools and the necessary freedom of action within the law to effectively do the job you have set before them. Don't allow yourselves to be stampeded into believing that it is only the criminal element that have the "rights" and need protection. Don't allow yourselves to believe either that policemen trample on the so-called civil rights of citizens. It just isn't true. Your civil rights are very seriously abused by every crime that is committed. I am one who believes that law-abiding citizens have priority in this respect. Every policeman is and must be prepared to justify his actions before our courts. I have faith in our judicial system and am prepared to leave the protection of my rights in their hands.

I made mention of our "sophisticated" society a moment ago. When I used that word I mentally put it in quotes because, from where I stand, and from where the lone policeman stands in the front line in his fight against crime, we see a pretty shocking sight.

Let's look at our so-called sophisticated society. Between 1967 and 1972 violent crimes increased in Canada from *77,614* to *110,605,* (2,127 per week)—that's an increase of more than 42%. By violent crime I mean murder, attempted murder, manslaughter, rape, wounding, assault and robbery. Last year the overall crime rate did decline slightly but violent crime did not—murders were up from 426 to 480 (more than nine a week), an increase of over 12%; attempted murders were up from 346 to 412 (eight a week), an increase of 19%; manslaughters increased from 43 to 50 (one a week), up 16%. Rapes, that is reported rapes, only increased by 3%. That doesn't sound too bad if you say it fast, but it was still a violent, traumatic shock to the 1,286, mostly young, women who were brutalized. (Nearly 25 a week.) Is this sophistication?

These figures may shock you—nine murders, eight attempted murders, one manslaughter, twenty-five rapes and 2,084 woundings, assaults and robberies per week—three hundred per day. You may be thinking to yourselves that, terrible as they may be, these violent crimes are committed by the relatively small criminal element within our society. Don't you believe it.

Now you all drive cars so let's move on to traffic. Last year there were over half a million traffic accidents in Canada. We have a population of only 22 million, and we have only 10 million licensed drivers. Those drivers had more than 1,600 traffic accidents every day, about sixty-five every hour, more than one in every minute of every day. We killed more than six thousand. That's about seventeen a day. The Grey Cup game was held here last Sunday—about 36,000 people were in the stands. We eliminate an equivalent number on our highways every six years. The biggest jet aircraft carry about 365 passengers. If sixteen of them went down in a year I am sure we would all quit flying. What an outcry there would be. In addition to killing seventeen every day on our roads, we maim another five hundred. Violence in one form or another is all around us, and we seem to accept it. Why?

What causes this?

Our improper use of alcohol helps. Most of us take a drink, sometimes more than one, at one time or another—just to add warmth to a pleasant social occasion perhaps. But all too often we lose sight of the fact that alcohol can be a killer. In 1972, liquor was a factor in 38% of the fatal motor vehicle accidents that occurred in areas under RCMP jurisdiction. I suppose there are some who would take comfort in the fact that this figure was below 40% for the first time in six years, but I don't.

Piled on top of the problems that alcohol creates, we have an escalating drug problem. I tire of those people who, in their attempt to gloss over this terrible problem, say that drugs are no worse than alcohol. Even if we accept this, which I don't, why would any right-thinking person want to even perpetuate our alcohol problem, let alone compound it with the inclusion of other drugs. This increase in the improper or illicit use of drugs is, for me, the saddest thing I have seen in my 36 years as a policeman. It ought to be tearing at all of our heart strings the way it is tearing at the hearts of those thousands of mothers and fathers who have watched their sons and daughters throw their young lives away.

Five years ago we had less than 4,000 heroin addicts in Canada, and we knew most of them. Today we estimate there are more than 16,000 addicts in this country— a four-fold increase. The saddest thing of all is that the age of these addicts is getting younger and younger. Today most heroin addicts are in the twenty to twenty-four year age group. Think of the waste—not only are these young people destroying themselves, they are being lost to our society just at the time when they should be looking forward to making their greatest contribution to it. Young lives of promise are being turned into short lives of suffering and despair.

There is a great debate going on across this country about the use of cannabis. Is it harmful or is it not? Does it lead to heroin or does it not? I am sure you all know that is from the cannabis plant that both marihuana and hashish are obtained. It may be difficult to conclusively and scientifically prove that cannabis leads to heroin, although it is not entirely impossible. I can tell you with certainty, however, that in fact it does. In 1972 we seized about 9,000 pounds of marihuana. Up to the end of September of this year we have seized double that, almost 18,000 pounds. In 1972 approximately 3,300 pounds of hashish was seized; in the past nine months of this year we have already seized over 4,800 pounds. As I said, I can't say with scientific certainty that marihuana and hashish must lead to the use of heroin, but I can state very positively that most of our 16,000 known heroin addicts started with marihuana, and if past experience is any indication, only a very small percentage of them will ever be cured. Why do we sit around debating cause and effect when experience shows that, for whatever reason, marihuana users become heroin users—and heroin users die young.

If we are not concerned for the welfare of these young people themselves, let's look for a moment at the economic waste of drug addiction. Of the 16,000 heroin addicts in Canada, each will probably take at least two capsules of heroin every day. A capsule of heroin sells for about twenty dollars, depending on local supply and demand. Sixteen thousand times twenty dollars times two is *$640,000 every day*. That's over 230 million dollars a year spent on heroin alone. And heroin is not the only costly drug. Not many months ago on the West Coast of Canada, 2,200 pounds of MDA, a restricted hallucenogenic drug, were seized from an illicit laboratory. Considering that MDA sells in the illegal market for three hundred dollars an ounce, that seizure had a value of ten and a half million dollars.

Marihuana use in Canada is now in what may be termed the small snowball stage. The largest percentage of marihuana users are between eighteen and twenty-five years of age and in the middle income group. The majority of heroin addicts are between twenty and twenty-four and in the lower income group. If past experience is any indication, we can anticipate that as marihuana use increases, the number of heroin addicts will also increase. As the middle income marihuana user becomes addicted to heroin, he will, typically, become less productive with a subsequent drop in legitimate income. As he seeks ever increasing amounts of heroin to satisfy his habit, he will be forced to turn to crime to support that habit. He becomes a loser. Society loses too. Is this sophistication?

Drugs and violence represent serious problems. They are obvious ones, but they are not our only problems. The white-collar criminal is not so obvious. He wears a business suit, he works in a modern office, and he is responsible for stripping this nation of untold millions of dollars annually.

Unlike the drug pusher, the rapist, or the murderer, whose crimes of violence and passion arouse public indignation, the white-collar criminal carries out his schemes in such a way that the community seldom realizes what is happening. He is assisted in the perpetration of his fraudulent schemes by public apathy and unwitting acquiescence. Recently in a Canadian city, two years of investigation into the affairs of a bankrupt business showing an unexplained deficiency of half a million dollars, terminated in a successful prosecution and the recovery of a substantial part of the deficit for the benefit of the creditors. At first glance this had appeared to be an unfortunate but normal business failure.

An officer of another large Canadian firm was found to have devised a complex scheme whereby he was able to submit falsified invoices totalling over three-quarters of a million dollars to a subsidiary company for services which were never performed. The police investigation resulted in the conviction of the individual involved and the recovery of close to half a million dollars.

These are but two examples. The white-collar criminal is operating in this country today. His schemes are often very sophisticated, and, generally speaking, many such crimes go undetected.

Public apathy allows crime to flourish. Organized crime is ready to move in wherever there is an easy dollar to be made at the expense of others, and thrives on such things as trafficking in narcotics, prostitution, gambling and loan sharking. Illicit profits are invested in legitimate businesses. Sometimes, we are quite certain, this is with the full knowledge of otherwise honest businessmen who don't seem to be bothered about the source of the funds. Fraud investigations may well involve millions of dollars. Organized crime will use any means at its disposal to reap its profits. No business or profession can consider itself immune. These criminals will endeavour to exploit any situation that shows promise, and they can be ruthless. Yet when our investigators attempt to obtain information about these dangerous and illegal operations, people with knowledge sometimes won't come forward. They don't want to get involved. What they don't realize is that they are involved. As citizens we all have a responsibility to stop crime wherever and whenever we find it.

The violence, the drug abuse, the highway deaths and horrible injuries, the frauds. These are all around us. They are reported in our newspapers, they are talked about on our television sets. But where are the voices of concern about what is happening in our society? Where are your voices, the voices with influence in this country? Why aren't you, every one of you, coming forward? It is the responsibility of every one of us to support the fight against lawlessness. Let's be honest—it may cost you. It may mean losing a contract. It may mean losing some money, or some time, but it is your responsibility too. This is your society and it is up to every one of you to help shape it in the way you wish it to be shaped. It is no good waiting for your neighbour to speak up, for he may be waiting for you.

The human mind has a great capacity for ignoring what it does not wish to see. While this may be merciful in some contexts, it can also be suicidal.

People say to me, if all this is going on, if crimes of violence are increasing, what is wrong with the police? Why don't they put a stop to it?

My answer is this: there is nothing wrong with the police.

We have very fine police forces in this country and we should thank God for them. I believe the Royal Canadian Mounted Police, which I have had the honour of serving for more than thirty-six years, is one of the best police forces in the world. Right here in Toronto you have a very fine municipal police force, one of the best there is. But the fact is, the police need the support of the public. Remember: the police are all that stand between you and the criminal groups I have been talking about. Without your support, not your quiet support, but your loud vocal support and concrete assistance, without this the police cannot be truly effective.

Perhaps you should ask yourselves now and again, what makes a man become a policeman?

It's not the glamour of the job, because that wears off very quickly. It's not the pay, because policemen don't become rich.

What then?

As I said at the beginning of my talk, I believe it is the ideal of service. Speaking as I do for the Royal Canadian Mounted Police, service has been our hallmark throughout our existence, service not only in our jobs as policemen, but also in our role as members of the community in which we live and work.

While I have pointed out that young people are turning to drugs of one kind or another, please don't think I despair for our young people as a whole. To be sure, it is sad to see the waste of these young lives when they turn to drugs or alcohol as a crutch. It is discouraging to see them drop out of school, to hear them blame their misfortunes on the "older generation", to see them give up.

But the vast majority are taking advantage of all the good and wonderful opportunities our society has to offer. Each year, I believe, we recruit into the RCMP a cross-section of the best of Canadian youth, youth who have not given up, but who want to grasp the best of what we can offer, who want to have a productive life, who want to serve their society in the best way they can.

While I am speaking for the Royal Canadian Mounted Police, I believe what I am saying is true of other police forces as well. Get to know your local policeman, talk to him and find out what makes him tick.

As we in the Royal Canadian Mounted Police prepare to enter our second century of service to Canada, we are facing head on the problems of the '70s. Our role remains as it has always been, to preserve the peace, to prevent crime, to enforce the laws of Canada, her provinces and municipalities, and to apprehend criminals and offenders and bring them to justice.

The tools we have to work with are in many ways different from those we had a hundred years ago, but then, many of the problems we face today were unheard of when the Force was formed a hundred years ago. But we mean to carry on in the service of our society with the same determination and dedication that has motivated our members throughout the years.

We look to every one of you to assist us, to raise your voices in support, not only of your national police force, but of your local police forces. We need your help, we need your co-operation.

Let us open our eyes and see what is happening around us. Then, let us not pass on by, but rather resolve to strengthen all that is good and to remove all that is a blight on our society insofar as this is possible.

I speak for all members of the Royal Canadian Mounted Police when I say what a privilege it has been to serve the citizens of this country for a hundred years. We look forward eagerly to the challenges and opportunities of our second century. It is my pledge to you as it is to all Canadians that we will carry on in keeping with our highest traditions. We will continue to do our best.

Commissioner Higgitt was thanked on behalf of The Empire Club of Canada by Lieutenant-Colonel John G. B. Strathy.

DECEMBER 6, 1973

The Presidency

AN ADDRESS BY **Hugh Sidey,**
WASHINGTON BUREAU CHIEF,
TIME MAGAZINE

CHAIRMAN The President,
Robert L. Armstrong

MR. ARMSTRONG:

Distinguished head table guests, ladies and gentlemen: In the latest issue of *Time* magazine, which theoretically has not been published yet, because it bears the date December 10, the by-lined column entitled "The Presidency", which is written by and bears the name of our guest of honour today, states that one of the immense powers of the President of the United States of America is the power of personal suggestion and example. He credits television with so greatly magnifying the human elements of Presidents that they may be as important to White House leadership as the constitutional authority of the office. He then quotes pollster Daniel Yankelovich as saying "for better or worse, television has made the President 'somebody very close' to most American citizens".

We have with us today in Hugh Sidey, Washington Bureau Chief of *Time* magazine, "somebody very close" to the President, who in speaking of the U.S. Presidency once said that the relation between the President and the press should be as friendly enemies. He added, we, the press, are concerned with what *really* happens rather than what the White House tells us—and frequently there *are* differences.

Hugh Sidey is a fourth-generation journalist. His great-grandfather founded the *Adair County Free Press,* a weekly newspaper in Greenfield, Iowa. He learned the business from the ground up, feeding presses, setting type, writing stories, selling ads and making photo engravings. After serving in the Army in World War II he completed his education at Iowa State College. His first major reporting job was from City Hall in Omaha, Nebraska for the *World Herald*. He moved from there to a *Life* term of two years (*Life* magazine that is) and since then has served *Time* in Washington, D.C., remaining as White House Correspondent and Deputy Chief of the *Time-Life* Washington News Bureau. On January 1, 1969 he became Chief.

Mr. Sidey is also an author, having written during the summer of 1963 *John F. Kennedy, President: A Reporter's Inside Story*. The book was reissued following the assassination and reached the Best Seller List on both occasions. His latest book, *A Very Personal Presidency; Lyndon B. Johnson in the White House*, was published in 1968.

Our speaker is unpretentious, tremendously successful and completely natural, with a deceptively casual skill in interviewing. Perhaps more important, he is a superb listener and his tactful easy-going style of questioning is extremely effective.

His interests are totally wrapped up in the Presidency and he is far more knowledgeable about that office than any other journalist.

It is a great privilege for me to present to this audience Mr. Hugh Sidey, Washington Bureau Chief, *Time* magazine, who will speak to us on the subject "The Presidency".

Mr. Sidey.

MR. HUGH SIDEY:

Thank you very much, Mr. Armstrong and distinguished guests, members of The Empire Club and my fellow Canadians. I really do feel there is a kind of family bond there because my great-grandfather came from Peterborough about 1890. He followed the railroad as far as it went, stopped, founded a newspaper which is still going—so I think I have close links with you people.

The other morning in front of the White House a friend of mine met a fellow who was coming out of the White House and he was smiling. My friend, the journalist, said "What is wrong? Don't you understand what is happening?" And this man said, "Well, you realize that yesterday Mr. Nixon held one of his prayer meetings in the East Room of the White House." It was the first one for five months and he said, "I am so glad he is speaking to someone besides Ron Ziegler these days."

Well, I would assume there will be a little bit of praying this afternoon down there also. I suspect some time this afternoon Mr. Ford will be confirmed by the House of Representatives as the Vice-President. He will then proceed down to the White House to inform the President that he has been approved.

Mr. Nixon, I am told, will get in the car with Mr. Ford. They will go back up to the Capitol, walk up those stairs and go in and Mr. Ford will be sworn in. Then, after a very short speech (two minutes I think they are limiting whoever it is who is going to speak), Mr. Ford will walk out of the Senate, because, as you know, as Vice-President he becomes President of the U.S. Senate. He will go to the other side of the U.S. Capitol.

It will be the first such event in our national history. It will be fascinating, strictly as pageantry, but I think perhaps you know, far more important is what it is going to do to the whole atmosphere in Washington; what it is going to do to Mr. Nixon's future as a politician and President of the United States.

It is one of the other forces that will be unleashed in Washington at this time that will enter this very complex equation that we call the United States Presidency. I wish that I could come to you this morning and tell you what is going to happen. I can't. And I would be very wary if I were you if you find anybody who tells you he thinks he knows what is going to happen.

It is my judgment that no man controls events in the United States Capital at this point. Events are running their own life. In the matter of Mr. Ford, of having a live, warm, reasonable, sensible human being in the office of Vice-Presidency now, I think this is going to profoundly alter the whole atmosphere.

Already we have seen in the morning papers that Senator Javits of New York is talking about the fact of having a confirmed and sitting Vice-President, that that may change the attitude of many people who have been reluctant in the U.S. Congress to talk about the impeachment of the President.

I think that is profoundly true. I think it will also alter the thinking of other segments in society, the so-called establishment which includes the bankers in New York and the people on Wall Street, those people who are, at least some of them, in a near state of panic at this time as the market continues its downward plunge.

I think it will also affect many academicians. I know the profound effect on Governors. I also know those who are up for election in the House of Representatives and those Senators, one-third of the Senators who are up for re-election in 1974, it will also have a profound effect on them, so we have one more element that we have got to crank into this whole picture. It is a giant mosaic and we just simply can't tell how it is going to come out.

Even as Mr. Ford is being confirmed, we have the episode in Judge Sirica's courtroom; that strange, strange saga about the electronic tapes which defies anybody to understand how it all happened and I am not sure we will ever know.

You also have Mr. Rudino's impeachment committee which is over in the House. You have the cases on ITT, and you have the new confession of Mr. Eagle Crow who is responsible for the Ellsberg break-in. There are so many people. There is so much evidence apparently still in the files—the Dairy case, the Robert Vesco case—that nobody can predict at all what is going to happen.

Congressman Scherle of Iowa says it is like living under the bedroom of a centipede. A shoe is dropped every hour. There is no end to them.

And I think that is about right. I, of course, did not come to you as one who can prophesy. My record of prophecy this year is dismal, like every other journalist I know. But there are some things in evidence in Washington that I can simply report to you and you can take them with a grain of salt; as you have all learned about journalists. We may or may not know what we are talking about, but we talk anyway.

The fact of the matter is, that at this time there is a *feeling* that Mr. Nixon is sinking lower. Now, it is not much more than a feeling. It is reflected in some of the polls that come in, that his credibility is still going down. It is reflected probably more clearly among the politicians.

George Gallup went out to a meeting of the sixteen Southern Governors about two weeks ago and he told them if an election were held today their strength in the House of Representatives and the Senate would be reduced to less than one-third of both of those Houses, an incredible disaster for the Republican Party.

Now, we journalists and also those politicians tended to disregard that because it is traditional intelligence, at least in our business, that those elections are decided on individuals far more than they are on party loyalties or even on whole national issues, that it depends on Robert Dole of Kansas or Senator Hughes of Iowa, or Case of New Jersey; that those individuals established their reputations in their own states.

Within the last few days apparently more Congressmen than not have discovered this may not be the case, that Mr. Gallup may be right. With the tape episode in Judge Sirica's court, the fact that Mr. Nixon walked into those sixteen Governors and said, "I have no new information that should embarrass you" and then the next day announced the eighteen minute gap in the tape—that fact has taken such a toll of credibility, that apparently the anger has now turned against the Republican Party or at least these Republicans believe it has, and they indeed are petrified or many of them are.

Well, that force is loose. Mr. Nixon seems to be sinking with his own party people. Just another kind of downward trend on this graph of believability that we have seen throughout the last months. It tends to plateau for a while and then it drops more.

There are other factors: the economy, the difficulty in the stock market. That has a profound effect in this matter also. The energy crisis. It all comes together under this umbrella of Watergate-credibility, which ultimately ends up on the doorstep of the President of the United States.

I see a scenario, possibly three scenarios. First, I can see that

Mr. Nixon might resign, simply decide that it is too much and he will get out. I think at this point there are several factors that govern that. I don't think he would simply walk in and say, "I am sick and tired of people calling me names" and that sort of thing. He has taken that before. He knows how to contend with that so I doubt that would be the case. But if there is evidence that incriminates him without any doubt in these matters, for which he can be tried, then I think perhaps he would resign before that came out.

Or if he figured the mathematics in the House of Representatives was such that he might be impeached and then tried in the Senate, that too might force a resignation from Mr. Nixon.

Now, there is a second possiblity. Nothing could happen. Mr. Nixon could simply go on being President as he is, diminished in stature, lacking full credibility with his nation. We could simply limp along. I think we can survive three years of that. Our system is like the human body in many ways. If one part gets infected the other parts take over the function. We kind of seal that off.

We almost have a regency down there at this time. We have men like Henry Kissinger. We have men like George Schultz. We have other kinds of individual small empires that are run on their own. The government goes on. The checks go out for social security. The mails are carried after a fashion. Mr. Nixon is more withdrawn than ever before in his Presidency. He is almost totally pre-occupied with his survival. That is quite natural for a politician and that is the basis of his concern now.

All right. We could have, secondly, nothing happen. And then finally we could have an impeachment. I doubt that. In other words, I come back to my belief that if Mr. Nixon takes count and sees that impeachment is inevitable, that he will probably resign because there are several things that happen if a man is impeached by the House of Representatives. When they prepare for the trial, the House of Representatives, at least as far as we know at this time, has almost total subpoena power. They can go and get any records and bring any witnesses before them. If Mr. Nixon is indeed guilty (I am not saying he is, but he has acted in the minds of most Americans as judged by the polls as a guilty man in the Watergate matters) if he indeed is guilty, if there is incriminating evidence in the files, then that would be opened by this investigation.

While any of these things could happen, there are those in Washington who think Mr. Nixon is not only emotionally dispirited, but physically ill at this time and that perhaps there will be a resignation based on health matters. We don't know.

There are many men, an increasing number of historians, politicians, and those journalists who fancy themselves in these areas, wondering if indeed the United States has not reached a point where there must be some final convulsive act of some sort. In other words, perhaps we have passed the point of no return in this matter of impeachment.

Our history has many episodes like that. The Civil War, of course, is the most momentous. There came a time in our national history when we could not deny the Civil War, no matter what men did, how they manoeuvered in Congress or what tricks they tried to use to prevent it. It didn't work. It simply was in the national gut and it had to come out. So we fought that war.

I suspect that the Civil Rights upheavals of 1960 were somewhat the same. They had to come. We just could not prevent them by new legislation and by more talk from Washington. Perhaps we are approaching or have gone beyond that point now, as far as impeachment or forced resignation or at least some kind of confrontation between the President of the United States and the people of the United States. There seems to be a strong, broad, deep current of resentment that just won't stop.

All of Mr. Nixon's efforts, his ''Operation Candor'', the attempt to intimidate the media, and all these fights. Whatever you think, whether they were right or wrong, or who was right or wrong, nevertheless they failed to rally support behind Mr. Nixon. In fact, each disaster seems to have been topped by another disaster. The feeling right now by many reasonable and intelligent men in Washington is that this thing has run its own course and it is running yet against the President of the United States. We will just have to wait and see what finally comes.

Let me talk to you just a little bit about the office of the Presidency as I perceive it. I do not think we have seen a failure in the system. I don't think the Presidency as an institution is at fault. I think men have failed. Now we are in great anguish because we are trying to determine which men have failed and how, and we are not having great success in this, but it seems to me the institution of the Presidency is just as viable, just as powerful, just as useful as it ever was. The tragedy as I see it is that the great machine we have devised over these two hundred years is not being used as it should be used.

As quoted in the opening remarks of my column this week, I have the feeling that the President, by example, by suggestion, can reach out and capture the hearts and the minds of the people. I feel that even Nixon could save himself if he took this energy crisis and moved into it and by demonstration and by declaration enrolled the country, which I believe wants to sacrifice and wants to get down to hard work at this point—if he enrolled the people under this banner. But in this strange atmosphere that we have that won't happen. The President is not out there with the people. I don't think he understands them. I think he is isolated, walled away from most American emotion at this time.

An incredible office, not only in terms of nuclear energy, not only in terms of the billions of dollars that the U.S. President can manage, but in terms of the power of personal suggestion.

Probably the greatest growth industry in Washington, at least over the last ten years, has been the media concentration on the White House. The President of the United States, as the posters have played out, comes into the living room of most Americans far more than any other figure, and his small actions as well as his big actions determine the quality, the style, the atmosphere of our national life. It is still the case.

Despite Mr. Nixon's efforts to send the power of that office back to the people, it just does not happen. Too much is concentrated there. Medicine must go there for research. We see now if we are going to be able to gasify or liquefy coal, if we are going to extract shale or do things like that we are going to have to get the money from the U.S. Government. Private enterprise can't operate in those terms and on that timetable.

As you remember, Thomas Jefferson, after he was sworn in as President, walked from the Capitol over to his boarding house and stood in line for his dinner. Well, I don't think that is going to occur again, even if some people would like to see it.

Scientists and other areas of science come to the U.S. Government. Education comes there. Any man who controls such a vital part of that system, such as the President, is never going to be diminished or reduced back to those old times.

We have a few humorists in the United States who suggest that if the President of the United States would just put on a moustache or one of those ill-fitting red wigs once a year, pick up his bags, and fly across the airlines of the United States of America, it would change his whole outlook because he would have to wait in line. Airplanes would break down and he would see just what Americans contend with in their everyday life. It is not going to happen, not with a man so powerful; more powerful than Napoleon or Alexander the Great.

I still remember when Lyndon Johnson went down to Glassboro and met with Kosygin. He came out marvelling. He said, "I was the representative of the greatest democracy on earth." He said, "I made any decision I wanted." He said, "There was the greatest dictator on earth right across from me and he had to call Moscow when he wanted to go to the men's room."

Well, there is something of truth in that certainly. In the end the office of the Presidency has a great institutional framework and it will go on, I think.

It is curious that these fellows begin to talk about a single six-year term. Both Lyndon Johnson and Nixon did after they got in trouble and not before, so I don't think you have to have one six-year term. I think the four-year term is just fine.

I think we can tamper a little with campaign spending, tidy that up, perhaps require White House aides to be confirmed by the Senate. There are some institutional reforms, but basically it remains an office of a man and there is no law on this earth that we can pass that can prevent the corruption that we have just seen, if indeed the man in that White House wants to try it. That is ultimately the final question we have.

What kind of man are we going to raise up and put in that office? These men impress their personalities on the office. I used to believe, as my history professor told me, that men are overwhelmed always by events, that they do not play that much of a part in history as individuals. I have since changed my beliefs a little bit, as I have watched the Presidency for a dozen years.

It seems to me that the personality of these men, what they think, where they come from, their education, how they treat their family, are all terribly important and ultimately that decides the tone, the atmosphere, the direction and really what finally happens.

Now, some will suggest that is a terrible condemnation of Mr. Nixon. Well, I don't know. We have not decided that yet, but certainly I see the roots of Watergate in his personality, his introversion, his withdrawal from certain facets of our society. I see that.

I have seen four Presidents. I would like to give you, just briefly, a little thumbnail sketch of them and how I think they, as men, impressed themselves on our nation and on the world.

Eisenhower was the first. I think we undersold Eisenhower. I was one of those journalists who thought he was very bored with his job, and he was towards the end. I remember Lyndon Johnson, when he ran the Senate, would come back furious from a meeting with President Eisenhower. He would say, "The man doesn't understand what this office is all about."

Lyndon Johnson would say, "Ike sat there in his chair and said, 'Lyndon, we need a social security bill', and I would have to say, 'Mr. President, you have a social security bill. It is in the Ways and Means Committee.' Eisenhower would look at me and say, 'Oh, I didn't know.' How can a man run a nation like that?"

Well, I think perhaps the thing we didn't understand, as I see it, is that Eisenhower was believable, credible. Even when he talked to the nation, some of his sentences did not have verbs or subjects or objects, but we knew what he meant—we knew what he meant—and it was just as clear as if he had talked plainly and until we lost that ability to believe almost fully in the President of the United States, we simply did not know how much it glued us together.

Hubert Humphrey, when he left South Dakota, tells the story about his father saying, "Hubert, you are going to go out to the harsh world. You are going to meet a lot of evil men. You are going to meet a lot of bright men. You are going to meet clever men but," he said, "you are only going to meet about a handful of good men."

Good, that is, in the biblical sense, in the classical sense. I think Eisenhower came quite close to being a good man in that sense, in that he wanted to do what was right and he followed his instincts that came out of Abilene, Kansas to the extent that he knew. I think that was impressed on those years in the '50s, even though he ignored problems that were building and even though there were many problems untouched, I admit.

Well, John Kennedy came on later. I think, if Kennedy had a strength, it was that he tried to understand history. He was a great scholar, at least in the terms that we normally associate with politicians. He read a lot. I remember when he discovered Barbara Tuchman's book *The Guns of August*. He said, "That is the greatest handbook a President could have." That book told of the weeks leading up to World War I and showed that one man made a misjudgment. Another man then based his action on that misjudgment and the whole thing built up until you had the cataclysm of World War I. Kennedy said, "That is what I have to avoid. I have got to let Kruschev know what I will do and what I won't do."

I think if that ever paid off it was in the Cuban missile crisis of 1962, because it became an exercise of communication rather than a military exercise.

They tell the story of Admiral Anderson down in the tank in the Pentagon and he was putting the boats up for that blockade and Bob McNamara was then a fairly new Secretary of Defence. He was saying, "No, no, Admiral. Don't do it that way. Do it this way" and finally the old Admiral with the medals clear down to his navel, turned around and said, "Mr. Secretary, would you please go back to your office. The U.S. Navy has been running blockades since the time of John Paul Jones." McNamara didn't move a bit. He looked at the Admiral and said, "Admiral, that's just the problem. You are still running them like you did in the time of John Paul Jones!"

McNamara's point was that the Carribean is our water. We do not have to force a military confrontation. We put those ships out there to get a message across to Kruschev and it worked. Kennedy's weakness, I think, was that while he tried to understand things in history, sometimes he didn't understand life in America that well.

I can recall asking him if he remembered the Depression. You may remember that Joe Kennedy sold his stocks before the crash, and had two million dollars cash, which was pretty handy in the Depression. As John Kennedy relates it, they had all the servants they needed so he didn't know about the Depression.

I remember he was never quite sure how people made their living. He kept asking me how much I was paid for this book or that article and when you travelled with him he never had any money—this was before he was President.

I remember being in Milwaukee in the Wisconsin primary in 1960. We sat down at a lunch counter and had lunch and of course he had no money so he asked me to pay. And I gladly paid. As I left the modest tip he pulled it out from under the plate, looked at it and said, "It's a chintzy tip, isn't it?" That element of life escaped him. It was beyond him.

We come now in my little narrative to another president, Lyndon B. Johnson; the most amazing human being I have ever encountered in this life and I couldn't stand another one. I have great affection for him. It was one of those relationships with great contradictions, a man flawed and yet very generous, a man who wanted to build dams, who wanted to raise crops, who wanted to do what Franklin Roosevelt did, and yet he was evil.

He wanted to do things you could count in price and weight. He got involved in the war and his problem was spiritual more than material. I don't think perhaps he ever understood it.

Contrary to John Kennedy, I doubt that Lyndon Johnson ever read a book while he was in the White House, at least not that we can catalogue. But he *had* been in Washington since 1931. He was the most experienced man in direct involvement in American affairs that we have ever had in office, starting out when he was the protégé of Sam Rayburn. He followed through. He knew all the leaders. He was in on virtually every one of the big decisions in almost forty years of our national history and he remembered them. As George Bundy said, "Had he gone to Harvard, he would have led his class because he had a mind that absorbed everything."

As a Congressman he used to go to the U.S. Senate Chamber and watch Huey Long because he said Huey Long was the smartest man he ever knew. And he picked up the techniques of political leadership from Franklin Roosevelt. Lyndon Johnson told this story. He said, "This is how to avoid having to pay out money."

Johnson wanted a dam for his river down there in Texas but he didn't have enough population density and they wouldn't build that dam so he went down to see the President to get his request in.

He said, "I walked across that office and there was Franklin Roosevelt. I got about half way across and Roosevelt leaned back and said, 'Say, Lyndon, have you ever seen a naked Russian woman?' I stopped in my tracks. I said, 'No, Mr. President.' He said, 'Sit down. Ambassador Bullitt is just back from Moscow. He has seen those women. They work on the railroads. They work on the streets. They have biceps bigger than your waist, Lyndon.'"

Well, Franklin Roosevelt travelled through the whole anatomy of a Russian woman and when he had finished somebody tapped Johnson on the shoulder and said, "Your time is up, out you go!"

It is this kind of device, this sort of thing that Johnson picked up and absorbed into his Presidency.

As I say, a most amazing man. He wanted to pick the world up and force it into his mould and we Americans tried to do that. We went around this world in seven-league boots. One of the most amazing trips I have ever taken was in 1967. We went around the world in four and a half days. It began with a memorial service to Harold Holt who had drowned in the surf in Australia. Mr. Johnson had laid on a secret mission to the Vatican to try to arrange to get prisoners out from North Vietnam, but he hadn't told anybody, so we didn't know where we were going. When Mr. Johnson travelled any place, he filled Air Force One with plaster busts of himself. They came in three sizes, small, medium and large, and he passed them out according to his affection for the people down below. As we rode through Asia, stopping here and there, he rode his exercise bicycle which he brought along in the back of Air Force One.

We began in Canberra, Australia. We went to Korat, Thailand and on to Cam-Ranh Bay in Vietnam. We stopped in Karachi, Pakistan, and then the climax came on Christmas Eve when we conducted the only helicopter assault on the Vatican known to man. Six American helicopters circling St. Peter's Square on Christmas Eve, dripping oil on the prayerful down below. Then we landed in the Vatican and Lyndon Johnson swept up the stairs and presented Pope Paul with a plaster bust of himself and we went home for Christmas.

Well, amazing. He liked the rituals and the trappings of the Presidency. We called him the gadget man.

I remember once when he reviewed the troops in El Toro Marine Air Base. They were going to Vietnam. When the ceremony was over he walked away towards the wrong helicopter. A little marine major came up and saluted and said, ''Mr. President, I am sorry. That is not your helicopter. Yours is over here.'' He looked down and said, ''Son, they are all my helicopters.''

Finally, there is Mr. Nixon—a different man, introverted, an alone man, a man by himself.

I think perhaps there are two Mr. Nixons. There is the Mr. Nixon who works well in the private chambers, who does beautifully in foreign policy. And there is the Mr. Nixon who delves in politics and domestic matters and apparently is not able to cope with all the conflicting forces that are required in domestic legislation.

He doesn't sweat very well, as we say down in Washington. And you need that in domestic politics.

You used to see Lyndon Johnson eating barbecue and hugging people and pinching girls — and sweating, a ritual that apparently Democrats can do much better—it is in the glands, I guess. But Mr. Nixon didn't. He didn't like that. He wanted to be alone, and indeed I think that is probably where Watergate began as he expertly pursued his world policy decisions. Henry Kissinger will tell you there is no better man in the Council Chamber, but he let the other elements go on.

Just two brief little notes. I think in this time, when so much is said in negative terms about Mr. Nixon, we need to remember the two great summit meetings. They were remarkable, remarkable meetings. That night in Peking, a Monday night, when Nixon got there, to stand in the Great Hall, to stand in that incredible place and to see Richard Nixon, who for twenty-two years was called the number one imperialistic running dog of the United States, and Chou En-lai, whom Mr. Nixon called the number one international bandit for just as long, there are those two fellows, clinking glasses, bowing, smiling, and toasting each other. And over behind me the Peoples Liberation Army Band is playing "Turkey in the Straw" and "Home on the Range"—well, it boggles the mind, I will tell you.

On that evening I looked up and saw Bill Buckley, our extremely conservative colleague, who is against this whole wild mad scheme. He was in a near catatonic state at that point. He went home to his hotel room and he said, "I truly believe had Mr. Nixon in that fevered state met him that evening he would have raised his glass to Alger Hiss."

Then, a few months later, we were in Moscow, and saw finally that resolution, or at least the beginning of it, of so many years of bitterness and distrust. Again, an amazing meeting.

I remember that first session when they signed the first agreement, the Safety at Seas Agreement. We were in the Kremlin, we reporters. They came in: Mr. Nixon from one side, a very slight stooped figure, and from the other side came the whole politburo, a mass of grey flannels. Peter Lissick, with the *Chicago Daily News,* leaned over and whispered in my ear, "I haven't seen so many hip men outside of Cook County.'' But Mr. Nixon survived and prospered in those two meetings. And so we are here today—from that pinnacle of success down to the tragedy that we have, and the really doubtful future. We sail along on unchartered waters at this time. What happens if Nixon is forced to resign?

Well, we have Mr. Ford. Now, I am one of those who agrees with Joseph Kraft, one of our columnists, who says that what we need in America is a kind of normalcy. It seems to me, as a President-watcher, that we have had for the last two Presidents, Mr. Johnson and Mr. Nixon, men who responded in abnormal and very personal ways to events of the world.

I think Mr. Ford, if he should become President, would be a man of reasonable, normal responses. I think at least his career in the House demonstrates that if he does not know a thing he will go and try and find out about it, that he will then array the evidence and the facts in front of him, and make a decision based on those facts. His past record indicates that the decision will be rational and wise.

I think the country would survive. I think we have had a demonstration of how quickly we forget in these times in Mr. Agnew. Of course he is not like the President. He is one tenth, one one-hundredth or one one-thousandth, but nevertheless we forgot about Mr. Agnew in what, overnight? Because there are so many problems, energy, trade, all of these things that we must move on.

I think that even if Mr. Nixon did resign, the nation would go on. In every crisis, as Nixon himself has written, there is great opportunity. I think it lies in this crisis, the opportunity to develop our inner strengths, to find new resources for energy, to make new friends in this world, and to go on.

I profoundly hope we are wise enough at this time to do that.

Thank you very much.

Mr. Sidey was thanked on behalf of The Empire Club of Canada by Colonel Robert H. Hilborn, M.B.E.

DECEMBER 12, 1973

Christmas Luncheon

GUEST OF HONOUR
The Honourable
W. Ross Macdonald,
P.C., C.D., Q.C., LL.D.,
LIEUTENANT GOVERNOR OF ONTARIO

CHAIRMAN
The President
Robert L. Armstrong

MR. ARMSTRONG:

Your Honour, ladies and gentlemen: Welcome, on this happy occasion, to the traditional Christmas luncheon of The Empire Club of Canada. On behalf of all of our members and guests I extend an especially warm welcome to our Honorary Vice-President, His Honour, the Lieutenant Governor, our province's loyal and beloved representative of Her Gracious Majesty, Queen Elizabeth II, and to his daughter, Mrs. Douglas Haldenby.

Christmas is the season with which we associate peace, love and abounding joy. We in Canada can be ever so thankful that conditions are such as to permit the fulfilment of the true spirit of Christmas and in this spirit we should not be oblivious to the needs of others throughout the world who are less fortunate than we.

Today we are enjoying a physical fulfilment in this cheerful and friendly atmosphere, with the colourful March of the Flaming Pudding led by Pipe Major Ross Stuart, and we shall shortly be given a special treat, the singing of Christmas carols by the Gentlemen and Boys of St. Simon's Church. I am sure we shall be invited to join with the choir in singing one or more of the well-known carols.

It is now my privilege to call upon the Honourable W. Ross

Macdonald, Lieutenant Governor of the Province of Ontario, to bring greetings on behalf of her Majesty, Queen Elizabeth.

Your Honour.

His Honour, the Lieutenant Governor, addressed the meeting, bringing a warm message as the Queen's representative in Ontario. Mr. Joseph H. Potts then presented a bouquet of roses to Mrs. Haldenby, a daughter of His Honour.

MR. ARMSTRONG:

Ladies and gentlemen, I shall now introduce the other guests seated at the head table. (*Introduction in the usual manner.*)

There is one head table guest whom I single out for particular attention. He is our immediate Past President, Joseph H. Potts, C.D., one of Her Majesty's Counsel, learned in the law. It was my privilege to serve as an apprentice during the 1972-73 Club year under the able tutelage of Joe Potts. His was a vintage year and The Empire Club of Canada continued to prosper under his leadership as President.

Our Club has historically been known for its somewhat conservative philosophy, but last year the new look was much more liberal. Our mod President was responsible for the admittance of ladies to membership in this hitherto bastion of male chauvinism.

Today we honour you, Joseph Potts, with an illuminated scroll of office which bears the signature of our Honorary President, His Excellency the Governor General. It records your period of service and is presented on behalf of the Board of Directors and all members of The Empire Club of Canada.

We recognize Mrs. Potts who has provided her husband with inspiration and love. We present you, Mrs. Potts, with this token of our affection and appreciation. *(Presentation of bouquet of roses to Mrs. Potts.)*

Mr. Potts made a suitable reply.

MR. ARMSTRONG:

I should like at this time to express the thanks of the Club to some very special ladies who contribute so much to its successful operation, and I refer particularly to Mrs. Eleanor Cook, our Executive Secretary, who besides putting up with me this long, has had to organize and endure the move to our new office premises in this hotel. Thank you, Mrs. Cook, and your assistant, Mrs. Everard. I shall not embarrass personal secretaries of our officers and Directors, by naming them, but we thank them for their wonderful help. Appropriately in relation to our Christmas Luncheon, two are named Mary and Carol.

Today's delightful affair was organized by our Director, George Stafford, and his capable committee.Our thanks to all of them for their contribution to the success of this occasion.

We now move to the main part of our program for which we have all been anxiously waiting. We are most fortunate to have with us today the Gentlemen and Boys of St. Simon's Church under the leadership of Organist and Choirmaster, Mr. Edgar Hanson. You will be interested to know that on December 21, 1921, the Boys Choir of St. Simon's first provided music at a Christmas party of The Empire Club.

The Gentlemen and Boys of St. Simon's have performed on many important occasions in the past. I quote from the jacket of their beautiful recording, *The Gracious Time:* "Today's Gentlemen and Boys of St. Simon's follow a tradition of excellence in choral music that began 80 years ago. Since 1966 under Edgar Hanson, Organist and Choirmaster, the choir has been greatly in demand for recitals and public performances in addition to its regular duties of singing services. During a tour of English Cathedrals in 1971 the choir sang Evensong in Westminster Abbey on Dominion Day. Notable performances in 1973 have included participation in a programme in tribute to Ralph Vaughan Williams, the Guelph Spring Festival and the Stratford Festival."

The record, *The Gracious Time*, can be ordered at a table outside the entrance to this dining room, and also from Sam the Record Man and the Anglican Book Centre. I am now pleased to turn the microphone over to Mr. Edgar Hanson.

The Gentlemen and Boys of St. Simon's.

MR. ARMSTRONG:

Mr. Hanson, the applause which you and your choir have just received conveys more eloquently than any words I can express, just how much we appreciate your and their contribution to our enjoyment of this Christmas luncheon. You have our sincere thanks and best wishes for a truly happy Christmas.

And now as we count our many blessings, will the audience please rise and join in the singing of our National Anthem, following which it will be appreciated if you will remain standing during the departure of the Vice-Regal party.

JANUARY 10, 1974

The Mayor Reports

AN ADDRESS BY Mayor David Crombie,
CITY OF TORONTO

CHAIRMAN The President,
Robert L. Armstrong

MR. ARMSTRONG:

Mr. Consul General, Mr. Commissioner, distinguished head table guests, ladies and gentlemen: "The most striking mark of man's genius as a species, as the most adaptable of animals, has been his ability to live in cities." So writes John Pfeiffer, author of *The Emergence of Man*.

"The city is man's greatest work of art, the epitome of his most humane achievements and the point of maximum concentration for the power and culture of a community." This is an amalgam of definitions by Pericles, the Athenian statesman, and present day author Lewis Mumford.

Our guest of honour today is Mayor of one of the great cities of the world. His abiding interest in people, his nostalgic feeling for the preservation of existing neighbourhoods and the support of "The *Little* Blue Machine" swept him into office with a tremendous majority over his nearest rival on December 4, 1972, his first time as a candidate for that office.

Mayor Crombie, who does not wish to be worshipped by anyone, was born under the zodiacal sign of Taurus the Bull, and his horoscope indicates he is completely dependable and reliable in his relationships and his warmth of nature and interest in others makes him popular wherever he goes. Exciting trends are forecast for him in the year ahead and if the past year is any criterion, it would appear that his horoscope is accurate.

The "Tiny Perfect Mayor" (as he has been described by one of Toronto's newspaper columnists) is relaxed, jolly and brimming with boyish charm. He is a small "c" conservative who describes himself as a Red Tory and believes in participatory democracy. He recognizes the need for change, which he feels should be accomplished in a reasonable way and his motto regarding reform is "make haste slowly". He would like to have the City retain its character and is anxious to preserve its historic landmarks.

Our speaker has concluded that as Mayor of Toronto he very much walks alone. It is not a simple matter for the Mayor to maintain the support of a Council divided into three groups, the old guard, the liberals, and the radicals, but even if the Mayor's office is a lonely place, David Crombie welcomes the challenge and is prepared to fight the next election on his record. He has *no* intention of moving out.

Our guest of honour was born in the village of Swansea. He graduated from the University of Western Ontario with a Bachelor of Arts degree in Economics, and took post-graduate work at the University of Toronto in Political Science. He lectured at Ryerson Polytechnical Institute and at York University's Atkinson College. He was Director of Student Services at Ryerson from 1966 to 1971.

When not running the City he enjoys outings with his family, particularly camping. He is a student of Hassidic Judaism, is an old movies buff, and is given to quoting Eighteenth Century English statesmen.

Ladies and gentlemen, it is a pleasure to present to this audience Mayor David Crombie of the City of Toronto who will speak to us about "People City".

Mayor Crombie.

MAYOR CROMBIE:

Thank you very much, Mr. Armstrong and head table guests, honoured guests, and ladies and gentlemen. I apologise for being tardy, about half an hour, but I had to ask Mr. Armstrong not to hold the meeting beyond 45 feet in height so I have been waiting on the fourth floor for 35 minutes. That is actually where I have been! I do apologise for not being here when I should have been. There was something that had to be done at the time and I could not delay it.

A year ago the Club extended an invitation to me to come to lunch and speak at that time about cities and about the City of Toronto. I am pleased to be back a year later, mid-point in Council's term of office. I thought what I might do, if I could change the topic a little bit, is offer a kind of annual civic report, this being the first, just to tell you what kind of year we have had and how things look to us in the future.

I am sure you will not be suprised to hear that I personally think we have had a good year, and we had some significant landmark achievements.

I might point out I was advised some years ago that an essential art of politics is to draw targets around the arrows after they have landed, so I want to hasten to add that these programmes were outlined well in advance.

To start with, we might look at the news media's favourite topic these days, that is the issue of development. As you are aware, Toronto has a considerable amount of development under way.

Actually Buildings Department just this morning sent me the final figures for 1973. The City of Toronto issued building permits for the year 1973 with a total value of over $409 million, nearly $272 million for commercial and industrial development alone. That is, of course, an historical record for any Canadian city.

To put it in some kind of perspective for you, the much-vaunted Montreal boom of 1973 amounted to $235 million. Frankly I do not see those totals dimishing very much in the next few years but I think we will have an opportunity to apply some objective standards and controls to development.

We have announced our intention to do so and to apply for sound technical criteria to all future applications for permits until September of 1975 or until such time as we have received detailed development control legislation from the Government of the Province of Ontario.

I have no wish to encroach on a field which probably belongs to experts in it, planners, architects and so on, but I can indicate to you what I think would be the instinct and feeling on the matter of City Council.

I think Council is not saying, ''No building, no development.'' We are saying we want development which is compatible with the surrounding area and current use of that area. We are saying we want development that does not strain or overstrain our public services and our community services, such as parks and open spaces, and we are saying that we want to encourage development which takes transportation of people and goods into account and concerns itself with pedestrian environment as well.

What it comes down to is that the City of Toronto is engaged in, will be engaging in a staggering rate of growth, and the city must simply be able to cope with that and have a direct say in the rate and style of that change.

I think also we have made some progress in the field of transportation. In my inaugural speech a year ago I reminded the people of the line from Mayor Philip Givens, when he indicated that everyone has the right to come downtown but he doesn't have the unqualified right to bring two thousand pounds of steel with him or her.

We, I think, have been able to discourage the expressway syndrome and I am rather optimistic that the once-vaunted Scarborough expressway will join the Spadina expressway in the civic hall of memories. We have accepted the truth that the TTC is not a business to be guided by profit and loss statements only, that it is in fact a community resource which must grow to meet the needs of increasing numbers of people.

We have committed ourselves to a policy of exploring ways to alleviate traffic problems in inner-city neighbourhoods. I can tell by my mail that the experiment at Moore Park has aroused what can only be described as a rather lively interest in all parts of the community.

Now, I am sure what the final results of the trial will be of the Moore Park experiment (some people call it Fortress St.

Clair), but I do suggest that we ought not to rush judgment on it. It is an experiment and if you do not try you do not achieve. If it is wrong or parts of it are wrong, we will change it. If it is good we will keep it.

It was also a year in which I and others predicted an increasing amount of citizen participation in municipal government. I can report to you that that came through in great abundance. Yes, it makes for long meetings. Yes, it makes for delay in action sometimes. And yes, it costs more in the short run than dictatorial talk-down decision-making. But if that is the price of making sure we do the right thing *for* people rather than things *to* people then I think it is a price we ought to be willing to pay.

In some fields we have made progress, perhaps not fast enough and not as much as a number of us would have liked. We are still faced with the problem in cities that the first line of government and the area where citizens bring their primary concerns is money problems. We are still in the position where we do not have the money or the power to deliver services that we logically can perform better than the central government.

We still labour along with a regressive property tax base as our main source of revenue to supply an ever-widening range of services, while the Federal Government has access to ever-increasing sources of revenue while at the same time they have diminished responsibility in the area of greatest concern to most Canadians, that is to say in urban problems.

This is an area, by the way, in which all the mayors of the major cities in this country agree and I predict in 1974 you will hear from the mayors of the major cities across the country on the problem of money and power as it relates both to the Provincial and Federal Governments.

In looking into the future I think it would be useful if we also came to grips with an understanding of the definition of progress. If progress is going to be our most important product then, I think we should understand and share a definition of it and hope we do not only mean simply growth equals progress.

For example, I do not think it is progress when we see large American cities cramming eight million people into an area that can comfortably handle two million people. In life, sometimes as in art, less can mean more.

If we are going to redefine progress we will also have to examine counter-weights to create an artificial scale of equality. Few people realize that this revolutionary sociological concept was really created by Guido Palacci.

Mr. Palacci is a grocer. He has a shop on West 47th Street in New York City and what he has done is declare all vegetables equal. All vegetables at Palacci's are equal. A pound of pomegranates is worth exactly the same price as a pound of parsley at Palacci's. He has a big sign over his scale and it reads, "One price for all". Some days it is 7 cents a pound or 77 cents a pound for anything in the store, depending on what the produce is that day. The system works because more is expected of some vegetables than others, and especially because of the great equalizer, Palacci's thumb. Somehow at Palacci's a pound of potatoes weighs considerably more than a pound of strawberries when Guido's thumb goes on the scale.

There are fewer plums in a pound than there are apples in a pound. There are no pints, no quarts, no bushels at Palacci's and there are no vegetables which are counted by head or an ear or a stalk because those factors are not susceptible to Palacci's thumb.

From time to time new customers object to the Palacci principle and he answers all their complaints the same way. Equality doesn't come cheap. You have to be willing to pay for your principles.

If there is a lesson for politicians in Palacci's thumb, I think it is this: that equality is indeed expensive and we must therefore accept the responsibility of establishing our own priorities.

At the municipal level with limited resources, not all projects can be top priority. I think it is our responsibility to tell the people clearly what the priorities of the City of Toronto Council are rather than try to create the illusion that we are going to implement all the great programmes all at one time; that time being now.

If we did that, we are facing larger tax increases and I, for one, am not prepared to recommend that.

I am prepared to accept that inflation and growth of existing programmes cause some inexorable increase in the cost of living we all face as individuals, but as tax payers I simply do not think we can afford a dramatic jump in the mill rate simply to point to a record of over-all achievement.

I can tell you very simply what my priorities are for the city in 1974. We must cope first of all with the housing crisis. People cannot afford to buy homes or pay inflationary rents in a large spectrum in our community. That is why we in the city are undertaking a massive housing programme with funding and support from the other two levels of Government to the extent of $74 million over a two year period.

The city can contribute expertise, involvement and seed money to these projects and that is priority number one for me.

Very shortly we will be releasing a report from the Mayor's task force on the disabled and the elderly. Clearly people who have been giving to this city all their lives should have the opportunity to get something back, and the aging are simply badly treated in my view, at all levels of Government.

You will notice it only comes to the attention of the media when somebody suggests they get $50 at Christmas or a $6 increase and the opposition parties think that is terrible no matter what the proposition is. It lasts for two days and it goes away.

It seems to me that the only crime committed by a significant number of people in Metropolitan Toronto (and indeed across the country) is that they got older a little earlier than the rest of us, and by categorizing them and labelling them, we have been able to fail to deliver to them.

In terms of the disabled, I will be supporting the brief fully. The contention in that brief is that thousands of people who are disabled know best the kind of programmes they require. I might point out for you who do not know that the Mayor's task force on the disabled is made up of 80 people, all of them disabled. I happen to be the Honorary Chairman. When the Task Force was set up, they looked at my first four months in office and it indicated that I was probably disabled as well, so I am a full-fledged member.

The third priority deals with the low income segment in this city. Without going through all the details and going over all the things you know about, I am sure I can say that by and large these people are having increasing difficulty, in an age of affluence, in being able to live and simply have a shelter in the city.

Other members of Council will have their priorities too. In the next few weeks I, for one, will be defining my own in more detail but I do not intend to promise the people of Toronto a champagne party out of your budget. We cannot do it all at once and so we must choose where we are going to put the money in 1974. First things first.

I will welcome your reactions in the weeks and months ahead and I would like to thank you very, very much for both having some patience for me and listening to me today.

Thank you.

Mayor Crombie was thanked on behalf of The Empire Club of Canada by Mr. Gordon W. Swayze.

JANUARY 17, 1974

A Success Story in Education

(The Canada Studies Foundation)

AN ADDRESS BY The Honourable Walter L. Gordon,
P.C., F.C.A., LL.D.,
CHAIRMAN, THE CANADA STUDIES FOUNDATION AND CHANCELLOR, YORK UNIVERSITY

CHAIRMAN The President,
Robert L. Armstrong

MR. ARMSTRONG:

Distinguished head table guests, ladies and gentlemen: The career, or should I say careers and accomplishments of our distinguished guest speaker of today provide sufficient material for a lengthy tribute, but in order that this audience may the sooner receive his important message, I shall attempt to summarize.

The Honourable Walter L. Gordon, who is the subject of that fascinating biography *Gentle Patriot* by Professor Denis Smith (who we are so pleased to have with us today) became a partner in the well-known Chartered Accountancy firm, Clarkson, Gordon & Company in 1935, and subsequently in 1940 a partner also in the Management Consultant affiliate, Woods Gordon and Company, each firm bearing his family name.

He was highly successful in his chosen profession, and his skills being in demand in Ottawa, he was called upon to assist in the formation of the Foreign Exchange Control Board in 1939.

Among other important appointments, Mr. Gordon was named Chairman in 1946 of the Royal Commission on Administration Classifications in the Public Service, and in 1953, Chairman of the Royal Commission on Canada's Economic Prospects.

In 1962 he was elected Chairman, National Campaign Committee of the Liberal Party, the year of his first election to the House of Commons for Toronto-Davenport. He had been encouraged to enter the political arena by his close personal friend, the late Right Honourable Lester B. Pearson, and he became the architect of the party's reconstruction. He was named Minister of Finance in 1963. He consistently urged progressive reform and is looked upon by many as a prophet ahead of his time. As the flyleaf of *Gentle Patriot* informs us, he was a politician beyond the ordinary who soon challenged some of the most sacred articles of his party's faith; he was a nationalist at a time when the fashion was internationalist and continentalist, and his political career was distinguished from the outset by courage, integrity and loyalty to his friends. His departure from the active political scene took place in 1968 when he resigned from the Cabinet and returned to private business. He is Chairman of the Board of Canadian Corporate Management Company Limited, which company he had founded in 1944, and a Director of Toronto Star Limited. He has again dedicated himself to the public service as Chairman of The Canada Studies Foundation, and Chancellor of York University. He is one of the founders of the Committee for an Independent Canada and is an author of two books, *Troubled Canada—The Need for New Domestic Policies*, published in 1961, and *A Choice for Canada—Independence or Colonial Status*, published in 1966.

Ladies and gentlemen, it is a great privilege for me to introduce to you the Honourable Walter L. Gordon, Privy Councillor, who will speak to us on the subject "A Success Story in Education".

Mr. Gordon.

THE HONOURABLE MR. GORDON:

At a time when quite recently there was confrontation and hard words between school teachers and

Ministers in Ontario, I should like to tell you something about a real success story in the field of education.

It is a co-operative story involving dedicated teachers in all ten provinces, school boards, teachers' federations, academics, and fascinated students.

It was made possible by the vision and determination of an inspired school teacher, Mr. Birnie Hodgetts of Port Hope —and by the generosity of a considerable number of individuals, foundations and corporations.

It is one of those privately sponsored ventures all of us can be truly proud of.

Nearly ten years ago, the National History Project was launched and financed by the Governing Body of Trinity College School, with Mr. Hodgetts as Director and an eager and enthusiastic staff. It was to be "a two-year fact-finding investigation into the teaching of Canadian history, social studies and civics in the elementary and secondary schools" across the country. As you know, eighty per cent of young Canadians finish their formal education when they leave high school. Therefore, what goes on in our elementary and high schools is vital, vital for our young people and vital for the future of our country.

The main emphasis of Mr. Hodgetts' investigation was on civic education — "that is the influence of formal instruction in developing the feelings and attitudes of young Canadians toward their country and its problems and the knowledge on which these attitudes are based".

In addition to all the usual research techniques, Mr. Hodgetts and his observers visited almost one thousand schools in all ten provinces, something no one else has ever done, on a national scale, before or since.

The report on their findings, entitled *What Culture? What Heritage?* was universally acclaimed by educators and quickly became the best-selling book in Canadian education in over twenty years. It is a damning indictment of the treatment of Canadian studies in our schools. Let me read two paragraphs from the concluding chapter of the report:

"Considering what has been said about content and teaching methods in the preceding chapters of this Report, it is understandable that civic education in Canada is achieving very few of its stated objectives. The schools are not satisfying the reasonable expectations of the individual student, nor are they doing the job that society has every right to expect of them. The majority of English-speaking high school graduates leave the Canadian studies classroom without the intellectual skills, the knowledge and the attitudes they should have to play an effective role as citizens in present-day Canada. What they do remember has neither practical nor aesthetic value; it has not enriched their minds. They have found very little in the Canadian past which is interesting and meaningful to them and practically no source of inspiration in their cultural heritage. They are future citizens without deep roots, lacking in historical perspective and only vaguely aware of traditions that have by no means outlived their usefulness. Contrary to clearly stated national goals in education, they develop an apathy toward Canadian history which tends to influence adversely their feelings toward modern Canada. By continuing to tolerate antiquated materials, by using teaching methods that so often produce attitudes the very opposite of those desired, by functioning as autonomous units in society, by overemphasizing provincial concerns and inadvertently neglecting legitimate national interests, the schools are reinforcing unwarranted, as distinct from natural and desirable, regional feelings. Canadian studies do not give to most of our young people a constructive sense of belonging to a unique, identifiable civic culture.

"Although French-Canadian students may identify more readily with their past, Canadian history as presented in the classrooms and textbooks of the French Roman Catholic schools of Quebec is com-

> pletely different from that of the rest of the country. Successive generations of young English- and French-speaking Canadians raised on such diametrically opposed views of our history, each of which reflects an entirely different value system, cannot fully understand each other or the country in which they live. Nowhere is Arnold Toynbee's dictum that 'history books not only tell history, they make it' more apparent than in Canada. Canadian studies do very little to encourage a mutual understanding of the separate attitudes, aspirations and interests of our two main linguistic communities. Unless the schools in all parts of Canada set out to bridge this fundamental gap, the chances for tolerance, understanding and accommodation between French- and English-speaking Canadians are remote. The present emphasis on bilingualism in education, vitally important though it is, should not obscure the fact that, regardless of the language of instruction, what we teach all of our young people about this country also is a matter of utmost concern.''

The Hodgetts Report made some specific recommendations involving a breakthrough in interprovincial co-operation. What evolved was the Canada Studies Foundation, a privately financed, five-year pilot project established with the approval of the Council of Ministers of Education of the ten provinces.

Its principal goals were:

1. To show that co-operation among educators in the field of Canadian studies is both feasible and desirable.

2. To provide opportunities for educators (both academics and school teachers) from different regional and linguistic groups to work together.

3. To involve classroom teachers—from the beginning—in the planning, development and implementation of each project; *et cetera*.

The last annual report of the Foundation states: ''In seeking to achieve these objectives, the Foundation now sponsors forty-nine project teams ranging in size from two to over forty educators each. These teams are located in thirty-eight centres across Canada. At present, they involve more than seven hundred people from every level of education and over 8,500 students from all provinces.''

Our experience to date—and the pilot project is almost four years old—shows conclusively that this is the way to enthuse both teachers and students. And it shows what can be gained from a conscious effort to encourage interprovincial co-operation in the field of Canadian studies.

Let me give you two examples, both bilingual projects, of what is going on.

A group of English-Canadian teachers in Toronto and 550 of their students are working with a group of French-Canadian teachers in Montreal and 350 of their students in studying selected periods and themes in Canadian history. There is no thought of developing a simple single interpretation of our history that all Canadians would agree with. That would not be possible or practicable. It is practicable, however, to explain to English-speaking students how their opposite numbers in Quebec interpret certain incidents in our past. And vice-versa. And that is the beginning of understanding.

This is being accomplished, in this particular project, by a series of student visits and by the English- and French-speaking teachers getting together in monthly seminars. If in the long run this helps English- and French-Canadians to obtain a better appreciation of each other, it is surely well worth while.

My second example is what is known as the ``Outaouais Project'' which focuses on the role of a national capital in a bilingual multi-cultural country like Canada. Under the auspices of the Foundation, a number of teachers, university professors, administrators and school board members from Ottawa and Hull met jointly for the first time in history. Prior to that, the Ottawa River had been as unassailable a barrier as the Berlin wall.

Now, teachers and students from both sides of the river are working together in the development of learning materials about the Capital Region and having a lot of fun doing so.

A year ago, the Outaouais Project sponsored a four-day national student conference on the theme, "Towards a Mutual Understanding". Students and teachers attended from all ten provinces. They spoke in French or English or an uncertain combination of the two. But they managed to communicate. They were all tremendously enthusiastic about the opportunity of meeting and discussing mutual interests with Canadians from other parts of the country.

As I listened to them, it seemed to me that if this particular experiment could be repeated on a larger scale; if a great many more young Canadians could have the chance of meeting and talking to one another, it would do wonders for Canadian unity. More perhaps than all the election-time speeches of our politicians put together.

Late in 1972, the Canada Council completed an extensive evaluation of all the Foundation's bilingual projects (there are five of them) in order to decide whether it should continue its support. It has decided to do so as a result of this review and has complimented the Foundation on what is being achieved.

Incidentally, I am not aware of any other group or organization that has succeeded in recent years in getting English- and French-speaking Canadians to work together in such an intimate, co-operative and enthusiastic way. We take considerable pride in this.

The report of the Foundation describes each of the various projects that are being sponsored, including those in Western Canada and in the Atlantic provinces where a high proportion of the work is being done. All projects have certain features in common:

(a) They are teacher-based, thereby providing an immediate impact in the classroom.

(b) They have academic and other expert consultants to ensure that the materials produced are sound.

(c) They have a high degree of inter-regional—i.e., inter-provincial—co-operation.

(d) They have generated impressive local support in cash, services, etc., from school boards, universities and teachers' federations.

(e) They are developing classroom materials for use in other schools. Many of these materials will be published commercially during the remaining year and a half of the Foundation's existence.

It has become obvious to those involved in this work that our over-all concern as adult Canadians must be not just with education in history or geography or political science for our young people—but rather, education for citizenship, citizenship in a regionally divided, bilingual and multi-cultural society, a positive citizenship that can only be based on a real knowledge of our diverse country and then on mutual understanding. Through its many projects, the Canada Studies Foundation is addressing itself to this need in a direct way.

It is the largest nationally-based experiment in the history of Canadian education.

As I have said, the Foundation is a five-year pilot project that in the main is being privately financed.

Its budget for the five-year period is $3,000,000, of which about $500,000 is being provided in the form of local support, and another $500,000 in grants from the Canada Council and payments by the Secretary of State from its established programs for travel and translation.

This leaves about $2,000,000 to be obtained from individuals, charitable foundations and corporations.

The late Sam McLaughlin who, in a long life, sponsored and supported so many useful causes, gave us $200,000 just before he died. Tom and Hartland Molson of Montreal provided $125,000. Nine charitable foundations contributed generously, as did a number of corporations of which I shall mention only three examples: the International Nickel Company—$33,000 a year for five years; Stelco—$30,000 a year for five years; and Brascan and Labatt's together—$25,000 a year for five years.

Full particulars of all contributions to 30 June, 1973, are included in the Foundation's annual report. As shown therein, the Banks, among others, were most generous in their help.

This whole unique experiment in the field of Canadian studies would not have been possible without the initial sponsorship of the Governing Body of Trinity College School and the very great generosity of some seventy-five Canadian individuals, corporations and charitable institutions, all of whom would like Canadian students to get a better break when it comes to learning about their own country.

As is stated in the Foundation's last annual report:

> "A country like Canada that is multi-cultural, regionally divided and diverse, and exposed to external cultural and economic influences places severe demands on its educational systems. Within their own borders, Canadians need to communicate effectively across a great variety of personal, class, regional, linguistic and cultural boundaries. *What Culture? What Heritage?* clearly indicates that the schools do not help future citizens to meet this need satisfactorily. Inadequate learning materials and provincially- or locally-designed Canadian studies programmes such as most schools are still using seldom give students any real appreciation of their country as a whole or of the thoughts and feelings of people living elsewhere in Canada. This situation is aggravated by the fact that the great majority of elementary and secondary school teachers have no opportunity to work with people in the profession from other regions and cultures. Thus the normal social process by which our young people develop their values and standards of judgment through strong regional and ethnic forces is not balanced in formal education by sufficient opportunities to understand the total Canadian environment. In these circumstances, the importance of the Foundation's objectives becomes readily apparent."

The work of the Foundation is proving to be a great success, due primarily to members of the Canadian teaching profession who have contributed so much and so willingly of their time and their enthusiasm. We are fortunate to have teachers of this type in all parts of Canada.

What should happen now? Those who have been connected with the work believe it should be continued after 30 June, 1975, when the period of private financing ends. After that date, provincial governments will be asked to assume the financial responsibility. We shall be approaching them in this connection over the next few months and will hope to have their decisions by June, 1974. This would then give the Foundation a year to plan for the future before the pilot project ends in 1975.

I have taken the liberty of telling you something about the Canada Studies Foundation today because I believe that when Canadians achieve something that is really good, we should all be informed about it. The work of the Canada Studies Foundation is a real success story; it is a story of enthusiasm and of co-operation involving many people. It is a story of inspiration, farsightedness and of exceptional generosity. I hope very much that the provincial governments will decide its work should be continued.

The Honourable Mr. Gordon was thanked on behalf of The Empire Club of Canada by Mr. H.N.R. Jackman.

JANUARY 24, 1974

Arctic Gas: A Giant of Necessity

AN ADDRESS BY William P. Wilder,
CHAIRMAN, CANADIAN ARCTIC GAS STUDY LIMITED

CHAIRMAN The President,
Robert L. Armstrong

MR. ARMSTRONG:

Mr. Minister, Mr. Consul General, honoured guests, ladies and gentlemen: "Fuels for living are providing fuel for debate. Nothing has sparked national soul-searching on such a wide range of issues as Canada's proposed massive energy projects. Arctic gas is one of them." This statement is an excerpt from the preface to "Comment" by our guest of honour in an article which appeared in the May 1973 issue of the magazine, *Executive*. Subsequent events have amplified that statement to the nth degree and energy has become the most widely used term in the English language.

A few years ago when the search for oil and natural gas in the Arctic began in earnest I asked a friend of mine, an eminent Canadian geologist, how can there possibly be fossil fuels under frozen polar wastes? I was informed that this planet earth precesses on its axis so that the magnetic poles shift approximately six inches a year, and what are now frozen polar wastes were once tropical seas. Eons ago, the equator passed through the present north magnetic pole. It is not my purpose to expound this theory but it is my purpose to introduce to this audience the Chairman of Canadian Arctic Gas Study Limited, which is conducting the most comprehensive study ever initiated in the private sector.

On August 31, 1972, William P. Wilder, then President of

Wood Gundy Limited, left the so-called quiet and private atmosphere of the financial world (and there may be some who will dispute that premise), for the noisy and very public energy business. He has taken on the extremely heavy responsibility of the construction of a five billion dollar pipeline to carry natural gas from the Mackenzie Delta and Prudhoe Bay to Canadian and U.S. Markets. Not only are the interests of consumers and governments of prime concern but also those of environmentalists, sociologists, native peoples, economists and indeed, businessmen.

Bill Wilder, as he is known to his friends, was born in Toronto, attended Upper Canada College and holds a Bachelor of Commerce degree from McGill and a Harvard M.B.A. He joined Wood Gundy, Canada's largest investment company, in 1946 after service in the Navy. During his twenty-five years with Wood Gundy, he developed an ability to cut through red tape and make sound decisions quickly.

He is a great believer in vigorous physical exercise as an attribute to buoyant good health. I claim him as my sometime doubles partner in tennis.

He purportedly has ice water in his veins. I am certain the colour is Arctic blue.

Ladies and gentlemen, I am pleased to present to you Mr. William P. Wilder, Chairman and Chief Executive Officer, Canadian Arctic Gas Study Limited, who will speak to us on the subject "Arctic Gas: A Giant of Necessity".

Mr. Wilder.

MR. WILDER:

The proposed Arctic Gas pipeline to transport natural gas from the North Slope of Alaska and the Mackenzie Delta is clearly a giant. At an estimated cost of $5.5 billion, it is the world's largest energy project, and the largest project of any type ever proposed by the private sector.

But in my mind, the Arctic Gas project is not merely a giant undertaking. I believe that it is, more importantly, a project of compelling necessity. I want to talk today about why I believe the Arctic Gas pipeline is a giant of necessity for Canada.

1. It is necessary to help provide an escape from a regime of welfare, poverty and social despair which pervades so much of our far north.

2. It is necessary if we are to maintain in this nation adequate and assured supplies of domestic energy.

3. It is vital to our future trade and economic relations primarily with the United States, and our economic well-being.

The proposed $5.5 billion system of Arctic Gas would be one segment of a system of connecting pipelines to supply natural gas to consumers across both Canada and the United States.

Across the northern end of Alaska, the Alaskan Arctic Gas pipeline would stretch from the Prudhoe Bay field for a distance of some two hundred miles, and at a cost of about half a billion dollars. The Canadian Arctic Gas pipeline, which would cost about $5 billion, would span some 2,400 miles, from the Alaska-Yukon boundary and from the Mackenzie Delta, down through the Northwest Territories and Alberta. It would connect with other existing and proposed pipelines. These, in turn, would supply Canadian consumers from Alberta to Montreal, and U.S. consumers from the Pacific to the Atlantic seaboards.

At a projected throughput of more than four billion cubic feet per day, Arctic Gas would increase the present total supply of natural gas use in Canada and the United States by about seven percent. And that involves only a start on the potential natural gas reserves of the western Arctic.

About half of the projected throughput of natural gas through the pipeline will be U.S. gas from Alaska flowing to U.S. markets. A portion of the Canadian gas from the Mackenzie Delta may also be exported, but only if it is found by the Government of Canada to be surplus to Canadian needs.

Some seven years and more than $50 million have already been spent in examining in detail the engineering, economic and environmental aspects of the pipeline. If we obtain timely approvals, the Arctic Gas system will be constructed and in operation before the end of the decade.

The studies which Arctic Gas has been conducting, include, among other things, the following:

> The most extensive program of environmental studies ever conducted by private industry.
>
> Engineering design, terrain and route studies.
>
> Studies of energy demand and supply.
>
> Studies of the impacts of the pipeline on the Canadian and U.S. economies.
>
> Northern economic and social impact studies.
>
> A viable plan of financing designed to achieve majority Canadian ownership and control of the Canadian pipeline.
>
> Techniques to construct and operate a pipeline across the Arctic without undue damage to the environment or permafrost, and without adversely affecting wildlife resources.
>
> Examination of possible alternative modes of transporting northern gas, including railway, aircraft, and others.

It has taken us somewhat longer than we had anticipated to put this all together and submit our applications and supporting exhibits to government bodies in Ottawa and Washington. But this should perhaps not be too surprising, since there has been little previous experience in putting together a project such as this. In fact, no other project has ever been preceded, prior to seeking government approval, by such an extensive program of research and studies.

The complete results of these studies will be made public in our applications. In Canada, we must file with the Department of Indian Affairs and Northern Development, and with the National Energy Board. In the United States, applications must be submitted to the Department of the Interior and to the Federal

Power Commission. Extensive public hearings will be held on these applications.

Within the next few weeks, we will be filing our applications with both the Canadian and U.S. government agencies. We plan first to file all data necessary for the land use and right-of-way authorizations. This material will include design, construction, operation and maintenance of the pipeline; alternative routes and modes of transportation; environmental impact; and the economic and social impacts in the north.

This will be followed later by material dealing with natural gas markets, supply, financing, and the national economic impacts.

The exhibits and supporting reports are expected to exceed 7,000 pages of detailed information. Therefore, we expect rather extensive and lengthy regulatory proceedings in each country. Hopefully, these applications can be processed within a year.

Let me now explain the reasons why I believe the Arctic Gas pipeline is so important for Canada.

First, why it is important to the residents of northern Canada.

Increasingly, northern residents—and native peoples in particular—seek the benefits of wage employment. It is an urgent requirement as an alternative to the harsh realities of the traditional hunting and trapping economy, or the demoralizing existence of welfare.

This need for a northern wage economy was clearly recognized by researchers at a national seminar on Science and the North, sponsored by the Federal Government in 1972. The seminar report concluded:

> That the traditional northern native economy could support only a very limited population at a very precarious margin of subsistence;
>
> That already there are too many native people in the North to live successfully in the old patterns of a hunting society; and,

> That a blanket moratorium on resource activity . . . would condemn the northern peoples to a continued and worsening poverty.

Even so, northern resource development must not be allowed to impair opportunities for northern hunting, trapping, and fishing. These will continue to be of historic and great importance to northern people: as full-time pursuits; or as a means of supplementary income; or as recreational activities. But at the same time, it would be equally wrong to deny the opportunities for meaningful, long-term employment.

Construction and operation of the Arctic Gas pipeline will result in a viable wage economy for the western portion of the Northwest Territories. Directly and indirectly, it will create an appreciably greater number of long-term jobs than the presently available labour force of the region.

Adjusting to wage employment may, in some instances, present demanding challenges to northern native peoples. To assist in meeting this challenge, Arctic Gas is working with both the Federal and Territorial Governments, as well as with other companies, in an extensive training program. More than seventy northern residents are already employed in this program. Training involves not only pipeline construction and operation, but also related jobs in petroleum exploration, drilling, production and gas plant operations.

Northern residents have clearly recognized and supported the Arctic Gas project as being essential for the development of a viable and prosperous northern economy.

Next, let me explain why the Arctic Gas Pipeline is required to help ensure adequate domestic supplies to meet Canadian energy requirements.

In terms of energy supply, Canada may well be the envy of the industrialized nations of the western world. We are the only such nation which today produces as much energy as it consumes. Our present supply constraints are not a result of inadequate energy production, but inadequate transportation facilities. As such, present supply constraints are likely to be temporary.

But we will soon need new energy supplies. We will have to tap our frontier oil and gas resources in the Arctic and offshore regions; our enormous resources of heavy oil and Athabasca tar sands and similar deposits; and our coal deposits, which offer potential supplies of synthetic gas and petroleum fuels. These combined potential sources of energy are three times our requirements for fossil fuels during the next eighty years, as estimated in a Federal Government study last year. Well before they are exhausted, our energy needs are expected to be largely provided by nuclear power and other new energy sources.

To develop these higher-cost fuels, however, we will have to pay higher prices than we have in the past.

Of all the potential sources of frontier oil and gas, of foreign imports, none now appear to be more economically attractive than natural gas from our western Arctic—provided we have large-volume, economic transportation.

Adequate and assured supplies of domestic energy at prices fully competitive with world energy prices will do much to help strengthen our industrial economy.

However, less than ten percent of our total potential fossil fuel resources are presently developed and available for use now, or for the next few years. Thus aggressive development of potential resources must be maintained, if we are to continue to supply our own energy needs.

Consider, for a moment, our requirement for additional supplies of natural gas. This fuel provides one-quarter of our energy needs; more than coal, coke, hydro and nuclear power combined.

Virtually all of the natural gas used in Canada is supplied by the four provinces of western Canada, principally Alberta. Reserves here will not be exhausted for many years. But before the end of this decade, the rate of western gas production will be inadequate to meet our requirements. We will by then need a source of supplementary natural gas supplies if we are to satisfy our own requirements and provide for presently authorized exports to the United States.

The most immediate prospect for a large supplementary supply lies in the Mackenzie River Delta region. Here, the initial stages of exploration have already established encouraging reserves, and much remains still to be discovered.

The problem is to economically transport this gas over the long distances from the Arctic Coast to major markets in Canada. Only by means of a large-volume throughput can such transportation be economically provided.

Such large-volume throughput can be attained by transporting both U.S. gas from Alaska and Mackenzie Delta gas across Canada by a single pipeline. Without the movement of Alaskan gas, an all-Canadian project would, at the very least, be delayed well beyond the time when additional gas will be needed in the Canadian market. And any such delay would be at great cost to the Canadian economy, in terms of meeting the energy needs of this country, the aspirations of the north, and the ultimate price of the product.

Canadian consumers—Ontario consumers—can obtain access to Delta gas at the lowest possible cost by transporting both U.S. gas from Alaska, and Mackenzie Delta gas in one system. This, of course, is what the Arctic Gas pipeline will provide. It would offer the lowest possible cost transportation with a throughput volume greater than the present total natural gas demand in Canada. A single pipeline to transport both Alaskan North Slope and Mackenzie Delta gas also provides significant advantages to the United States.

The United States has urgent need of its Alaskan North Slope gas. This area represents ten percent of proven U.S. gas reserves, and only a fraction of the North Slope potential has so far been discovered.

On the other hand, an all-American system to transport North Slope gas would involve the proposed El Paso Natural Gas Company pipeline from Prudhoe Bay across to Alaska's Pacific Coast. Here the gas would be liquefied—by chilling to minus 260 degrees Fahrenheit—for shipment by tanker to U.S. westcoast markets.

But we believe that a combined North Slope-Mackenzie Delta pipeline offers the U.S. these advantages:

1. Lower cost transportation for North Slope gas.

2. Significant savings of gas supplies, thus making more gas available to consumers. The Arctic Gas pipeline would consume less fuel in the process of transportation than the alternative pipeline-liquefaction-tanker system.

3. The Arctic Gas pipeline and companion systems will have the ability to serve virtually all U.S. markets from the Pacific to the Atlantic seaboards.

4. The prospect of some additional natural gas imports from Canada.

5. Greater supply security. Nothing can match the long history of many thousands of miles of pipelines for safe, secure, reliable delivery of natural gas.

I am convinced that the Arctic Gas pipeline is essential to help ensure adequate supplies of domestic energy to meet Canadian requirements. And further, that it offers significant advantages to the United States in its pursuit of adequate domestic energy supplies.

Thirdly, let me explain why I believe the Arctic Gas pipeline is so important to our total energy supply, our trade relations, and our economic well-being.

More than just the fate of the project rides on the outcome of the Arctic Gas proposal. The outcome will mean more than simply assurance of adequate supplies of domestic natural gas for Canadian consumers.

It involves all these things—but in its implementation, it involves something more important.

It involves co-operation and trust between two nations.

I am convinced that the advantages of the Arctic Gas pipeline to each of our nations are great, and that failure to achieve these advantages can result from one cause only. And that cause can be summed up simply as misunderstanding or mistrust.

Certainly, each nation must consider first its own interests. But there must be recognition of mutual interests. There must be recognition that, in this instance, the interests of each nation are best served by mutual trust and co-operation.

I believe that Arctic Gas is the most outstanding example of the economic advantages to be gained by mutual co-operation.

If either country sacrifices these benefits on the altar of excessive economic nationalism—in the shadow of fear and mistrust— then surely it will be reflected, not only in the loss of this project, but in other important areas of trade and economic relations between our two nations.

If the United States could not feel secure with less than ten percent of its gas supplies flowing by pipeline across Canada, where would that leave Canada? How, then, could we feel secure when most of our oil and a major portion of our gas supplies flow by pipelines that cross U.S. territory?

How secure would Montreal be with its flow of oil through the pipeline from Portland, Maine?

It is in this context that we at Arctic Gas attach importance to a statement in the House of Commons by Prime Minister Trudeau on December 6th. The portion of his address to which I refer is as follows, and I quote: "I can see no reason why Canada could not give suitable undertakings as to the movement, without any discriminatory impediment, of Alaskan gas through the pipeline across Canada to U.S. markets, provided all public interest and regulatory conditions are met in the building and operation of the pipeline. An undertaking of this sort would, of course, be reciprocal, with the same assurance being given Canada regarding our oil and gas shipments through the United States."

Canada would have much to gain from an arrangement with the United States which provided assurance for shipments of our oil and gas through the United States to our markets. Ontario in particular should benefit. Ninety percent of this province's oil supplies, and forty percent of its natural gas are shipped by pipelines from western Canada across the United States.

We have noted with interest the announcement that our two governments will hold high-level energy discussions at the end of this month. I strongly encourage both governments to commence discussions on the type of undertaking referred to by the Prime Minister. I am sure you will agree with me that Canadians would support such an affirmation of mutual trust.

It is important that this be accomplished before our governments must determine how the large natural gas resources of the western Arctic are to be transported and utilized. Misunderstanding and mistrust can be removed from discussions in the public arena and the corridors of government. Only then can our two countries focus clearly on the interests of each nation and on the merits of our proposal for a giant born of necessity.

Mr. Wilder was thanked on behalf of The Empire Club of Canada by Mr. Sydney Hermant.

JANUARY 31, 1974

Air Canada—Challenges and Outlook

AN ADDRESS BY Yves Pratte, Q.C.,
CHAIRMAN, AIR CANADA

CHAIRMAN The President,
Robert L. Armstrong

MR. ARMSTRONG:

Mr. Minister, distinguished head table guests, ladies and gentlemen: About the time of our winter solstice, when warmer climes beckon, a message rings out over the airwaves encouraging Canadians to go "Sun Living" and later with the arrival of the vernal equinox when spring heralds the approach of summer in the northern hemisphere we are urged by the same sponsor to "Come see what we've been missing". That sponsor is our national airline, Air Canada, which enjoys international patronage and acclaim. It ranks in the forefront among the great air carriers of the world.

Today we are privileged to have, as our guest of honour, the Senior Officer of Air Canada, Mr. Yves Pratte, one of Her Majesty's Counsel, learned in the law, who was appointed its Chairman and Chief Executive Officer in December, 1968.

Mr. Pratte is a native of Quebec City and at the age of nineteen received a Bachelor of Arts degree from Collège Garnier in that city. Three years later he was granted a law degree "summa cum laude" from Laval University, following which he attended the University of Toronto and took postgraduate studies in Taxation and Corporate Law.

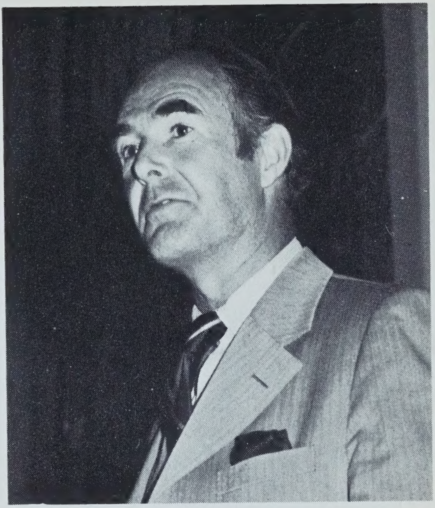
He was admitted to the Quebec Bar and became a member of

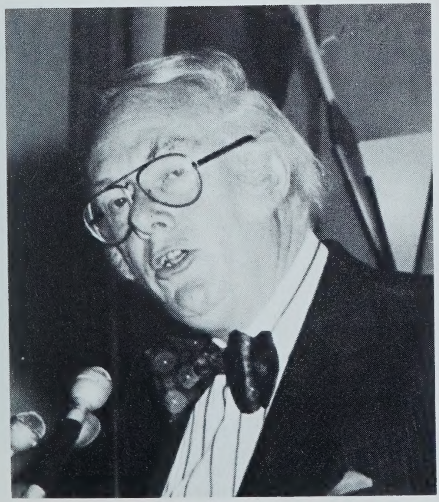
June 20, 1973
Mrs. Indira Gandhi
Prime Minister of India
"Democracy in India"

June 11, 1973
WILLIAM REES-MOGG,
M.A. Editor,
The Times (of London)
"The World of 1975"

September 27, 1973
WALTER SCHEEL
Minister of Foreign
Affairs and
Vice-Chancellor of the
Federal Republic of
Germany
*"Aims and
Responsibilities of
German Foreign
Policy"*

October 4, 1973
THE HONOURABLE
ALASTAIR GILLESPIE,
P.C., M.P. Minister of
Industry, Trade and
Commerce
*"Canada's Potential
and our Political Will"*



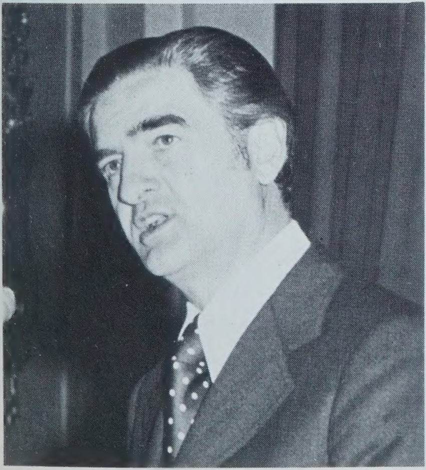


October 11, 1973
PIERRE BERTON
Author, Journalist
and Broadcaster
*"The Future
of the North"*

October 25, 1973
JAMES M. GILLIES, M.P.
Member of Parliament, Don Valley Riding and Progressive Conservative Financial Critic
"Does Government Economic Policy-Making Make a Difference? The Canadian Case"

November 1, 1973
GUSTAVE GINGRAS, M.D., F.R.C.P. (C) Executive Director, Rehabilitation Institute of Montreal
"A Medical Mission to China"

November 8, 1973
THE HONOURABLE
ALEXANDER B. CAMPBELL
Premier of the Province
of Prince Edward Island
"The Cultural Revolution"



November 15, 1973
JOHN J. RICCARDO
President,
Chrysler Corporation
"The Promise of Progress in Government-Industry Relations"

November 22, 1973
THE HONOURABLE
W. DARCY MCKEOUGH
Minister of Energy,
Province of Ontario
"Energy and Government"

EMPIRE CLUB

November 29, 1973
COMMISSIONER W. L. HIGGITT
Royal Canadian Mounted Police
"Policing in Today's 'Sophisticated' Society"

December 6, 1973

HUGH SIDEY

Washington Bureau Chief, *Time* Magazine

"The Presidency"

EMPIRE CLUB
CANADA
THE EMPIRE CLUB OF CANADA

December 12, 1973

THE CHRISTMAS PARTY

The Club's Honorary Vice-President, The Honourable W. Ross Macdonald, P.C., C.D., Q.C., LL.D., Lieutenant Governor of the Province of Ontario, brings a Christmas Message on behalf of Her Majesty, Queen Elizabeth, to Members and Guests

THE CHRISTMAS PARTY
Gentlemen and Boys of St. Simon's Church

January 10, 1974
MAYOR DAVID CROMBIE
City of Toronto
"The Mayor Reports"

January 17, 1974
THE HONOURABLE
WALTER L. GORDON,
P.C., F.C.A., LL.D.
Chairman of The
Canada Studies
Foundation and
Chancellor of York
University
*"A Success Story in
Education" (The
Canada Studies
Foundation)*

January 24, 1974
WILLIAM P. WILDER
Chairman,
Canadian Arctic Gas
Study Limited
*"Arctic Gas:
A Giant of Necessity"*

January 31, 1974
YVES PRATTE, Q.C.
Chairman, Air Canada
*"Air Canada —
Challenges and Outlook"*

February 4, 1974
THE HONOURABLE
DONALD S. MACDONALD
Minister of Energy,
Mines and Resources
"Energy — What Next"

February 7, 1974

H. Ian Macdonald

President Elect, York University & Deputy Minister, Treasury, Economics & Intergovernmental Affairs, Province of Ontario

"Universities: Who Needs Them?"

February 14, 1974

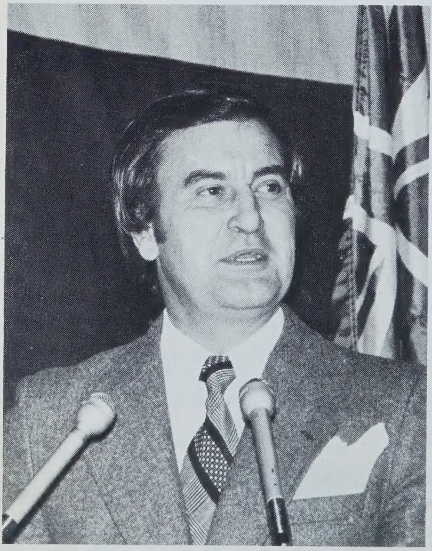
His Eminence Paul-Emile, Cardinal Leger

C.C., L.TH., J.C.L., S.T.D., LL.D., D.C.L., LITT.D., K.H.S.

Missionary Priest in the Republic of Cameroon and Former Cardinal Archbishop of Montreal, together with the Club's Honorary President, The Right Honourable Roland Michener, P.C., Q.C.

"The Gap Between Them and Us"

February 21, 1974
LOUIS O. KELSO
Attorney and Economist, San Francisco
"Building Market Power into Canadians as Canada Grows"



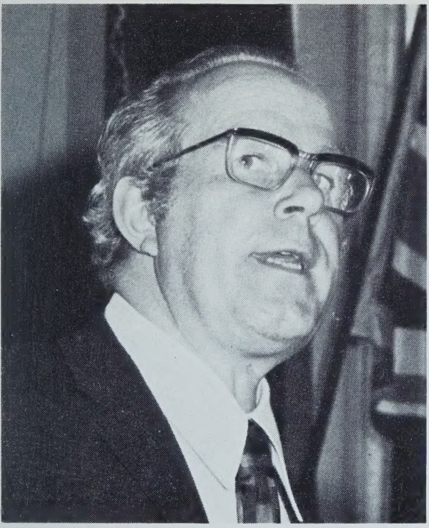
February 28, 1974
THE HONOURABLE GUY ST. PIERRE
Minister of Industry and Commerce, Quebec
"Quebec is Alive and Well in Canada"

March 7, 1974
H. ALLAN LEAL,
Q.C., LL.D. Chairman,
Ontario Law Reform
Commission
*"Law Reform in a
Changing Society"*

March 14, 1974
RICHARD ROHMER,
D.F.C., Q.C. Author,
Legal Counsel and
Northern Expert
*"The Runaway Growth
of Bureaucracy —
A Serious Concern
for Canada's Future"*

March 21, 1974
DAVID NICOLSON
Chairman,
British Airways Board
"Aviation in the Next Decade"

March 28, 1974
PROF. ERIC W. KIERANS, P.C. Department of Economics,
McGill University
"Energy — A Sign Of Future Tension"



April 4, 1974
LAURENT PICARD
President,
Canadian Broadcasting
Corporation
*"The National
Broadcasting Dream"*

April 18, 1974
DR. ROBERT
B. SALTER
Surgeon-in-Chief,
Hospital for
Sick Children
*"Toward
Commonwealth Unity
Through the Sims
Professorship"*

EMPIRE CLUB

April 25, 1974
THE HONOURABLE WILLIAM G. DAVIS Q.C.
Premier of Ontario
"The Ontario Budget — A Deterrent to Gross Inflationary Trends"

the law firm of St. Laurent, Taschereau, Noel and Pratte in 1948. These are names of great significance in our Canadian history. From 1954 to 1968 Mr. Pratte was senior partner in the firm, Pratte, Cote, Tremblay, Beauvais, Bouchard, Garneau and Truchon, and if I may be pardoned this observation, a partnership unlikely to be accused of being overtly anglophile.

He headed that firm until his appointment to his present position and from 1962 to 1965 was Dean of Law at Laval University. In 1968 he was honoured by Laval, being named Professor Emeritus. Mr. Pratte served as special Legal Counsel for Quebec Premier Jean Lesage and the late Premier Daniel Johnson, and was a member of the Federal Royal Commission on Security from 1966 to 1968.

Last summer when an airline strike was causing confusion and congestion at Canadian airports, Mr. Pratte experienced on his own airline some of the problems of the ordinary passenger. He was flying from Montreal to Vancouver on a business trip, and the fact that his bags were missing when he reached his destination was a source of no little embarrassment to certain of Air Canada's staff. With his usual candour, Mr. Pratte did not withhold this information from the media and he was the recipient of some additional free publicity. Incidentally, the missing bags were recovered and delivered to his hotel in a few hours.

Prior to his appointment, it was my privilege one afternoon to hitch a ride from Belledune, New Brunswick to L'Ancienne Lorette, Quebec, in an Aerocommander through the kindness of Mr. Pratte and one of his corporate clients. He sat in the co-pilot's seat and I immediately behind. He very graciously shared a set of headphones with me so that I might hear the radio range communications. Little did I suspect that my benefactor on that occasion would be the next head of Air Canada and that he would be our benefactor today.

Ladies and gentlemen, I am pleased and highly honored to present Mr. Yves Pratte, Chairman and Chief Executive Officer of Air Canada who will address us on the subject "Air Canada—Challenges and Outlook".

Mr. Pratte.

MR. PRATTE:

I am grateful for the opportunity to speak to you today because I believe that this is a most appropriate time and place for some comments of a general nature on the transportation industry, its importance to the growth, development and unity of Canada.

Looking back at our history, we find that transportation was a strong Confederative force. In all of the pre-Confederation debates and discussions, one of the predominant themes was the importance of transportation in successfully binding together socially, politically and economically, all the elements of the new nation-to-be. Later, as other parts of the country joined, similar requirements were clearly stated.

Today, that requirement is still a predominant one, and transportation is more vital than ever for the unity of our nation. The continued existence and development of an efficient and economic transportation system is of paramount importance to the country as a whole; it is indeed essential if we are to foster and strengthen our unity and reduce regional disparities so that we can develop fully our potential as a nation.

Transportation in Canada, with our geography, with our relatively thin population, is without doubt a public service which should be developed and provided in the light of stated national goals. In other words, in many areas, transportation becomes, and is, a necessary means for the attainment of national objectives that are from time to time defined by the nation's policy-makers.

The State and its various components must therefore have a very strong interest in the provision and development of transportation services which will permit the carrying out of national policies. Various recent Federal-Provincial Conferences have highlighted again the vital role transportation services perform in the orderly development of various segments of the economy, both from a regional and a national point of view.

If, then, transportation is so vital to the attainment of national goals, it follows that the State has a duty as well to ensure that the required transportation services are developed and provided in as economical a way as possible. While it is true that we are a rich country, nevertheless the demands on our resources are great, and the current energy crisis serves to bring home to us the importance of avoiding waste and duplication.

The task is there to ensure that the orderly and economic development and provision of transportation services is accomplished through an appropriate and rational allocation of national resources. Technological change has created major problems by increasing competition between various phases or modes of the transportation system. The inter-action of technical improvements with the economics of developing and providing transportation services is a force creating continuing complexities, leading to relationships where private interests are dependent upon services provided by public agencies. Operation of transportation systems is therefore a field of business activity involving joint action by all levels of the *public sector* and individuals or business enterprises in the *private sector*. Appropriate regulation of all aspects of transportation is therefore a legitimate governmental function.

Whether our national objectives are best attained through competition as between various modes of transport and also as between operators of the same mode, is a matter that should be reviewed from time to time in light of circumstances. It is certainly a matter that should be analysed in order to determine how the various modes should inter-relate for the betterment of Canada and the avoidance of unnecessary duplication. One should not lose sight of the fact that waste has to be paid for and will, in the end, result in either an inadequate or more expensive transportation system.

Having said that transportation is a public service, this raises the question of the financing of that service; in other words, who should pay for it. While the answer is not so simple, one thing is certain: somebody has to pay, and that somebody can be either the Government, which means the country as a whole, the user of the service, or a combination of both. Whatever method is used, it seems clear to me that the State has a very definite interest in ensuring that adequate transportation services are offered at the minimum possible price through a pricing structure that is equitable, conducive to the attainment of stated national goals, and does not lead to inefficiency, which in the end results in higher costs. Therefore, the principle follows—and this has been stated in the National Transportation Act—that the State should pay for services that are essentially required for national purposes and which cannot be justified on an ordinary commercial basis. Also, I believe that pricing formulas should generally be the same throughout the country, irrespective of the volume of business or of the operating difficulties in one particular location.

It is against this general background that we have attempted to define Air Canada's role or mission.

In dealing with this, two facts must be recognized. The first is that we are a Crown Corporation; the second is that we are engaged in a competitive business.

We acknowledge the fact that, as a Crown Corporation, we must in a tangible way, and functioning within our own domain, assist in the attainment of stated national, social and economic objectives. This is the special mandate which we have and which we fully recognize and accept, and which under present conditions, may impose on us some obligations that would not be applicable in the case of an ordinary commercial company.

But we are also a business enterprise. We must therefore operate in accordance with sound business principles, achieve efficiency and ensure a proper use and allocation of our resources; this is required not only to meet the competition successfully, but also to be able to offer our service at the minimum possible price, which is in line with our special mandate as a Crown Corporation. In other words, our status both as a Crown Corporation and as a commercial enterprise demand that we be profit-oriented; but profitability cannot be our sole goal and, contrary to other enterprises, it is not our ''raison d'être''.

It therefore follows that the broad direction of the corporation must, in the end, be determined by reference to the obligations that flow from our status as a Crown Corporation. The profit motive cannot be our main guide. This does not mean, however, that in the absence of specific Government direction we should give no consideration to the cost implications of our actions. Quite the contrary, we must in all cases make a balanced judgment as between the cost of a desired or projected service that may not be commercially justified and the contribution that such service may make to the attainment of national goals. Otherwise, in the absence of specific subsidies—and we are not presently subsidized—we would soon have to increase the price of our product to an unacceptable level. Therefore, it bears repeating in this context that a service that is clearly required for national purposes and cannot be commercially justified should, as a rule, be subsidized by the State. This is the most practical way to ensure efficiency of management, as well as inexpensive transportation across the country. In other words, where services or operations normally would not be undertaken commercially by Air Canada or others, then public funds could be specified and allotted for this purpose. Because of the special inter-relationship between the Government and the Corporation, it would appear to be generally acceptable, and more appropriate in most cases, that such public purpose funds be channelled through a Crown agency.

Our obligations as a Crown Corporation generally have no effect on our day-to-day operations which must be managed in as efficient a way as possible, with the full recognition that in the business world of today, whether we like it or not, management efficiency is often equated with profitability. In a service industry like ours, management efficiency should result in good service which, in turn, should result in a profit. The managers of our day-to-day operations are therefore determined to be profit-oriented because they want to provide an improved level of service and continue to work for an airline that is financially viable.

Our task as a Crown Corporation would be difficult under the best of circumstances, but it becomes a real challenge in today's inflationary environment.

I don't want to bother you with statistics but it will give you some idea of the magnitude of the inflationary pressure since

1971 when I tell you that cost escalation for wages, fuel and food since that date will increase our total operating expense in 1974 by $179 million; because of inflation, our labour costs in '74 over 1973 will go up by something like 12% while the cost of food is likely to increase by anything between 11% and 17%. The one area of expense which has shown the most dramatic increase is, of course, fuel. While the fuel issue on a worldwide basis is extremely complex, Air Canada's problem at the moment is not so much one of supply as of price. We do have spot shortages here and there, particularly in Europe, and this has caused us to consolidate and reroute certain flights in this period when the demand is low, in order to conserve fuel for the spring and summer period when the demand increases. However, roughly 65% of Air Canada's capacity is devoted to domestic routes and the availability of fuel to date has had little or no effect on our domestic services and is not likely to as we currently assess the situation. In 1974, fuel will represent more than 20% of our total operating cost, as compared with 12% in 1973 and 10% in 1972. The average price of a gallon of fuel has almost doubled since the beginning of last year from 17.7¢ in January 1973 to 31¢ early this month. In terms of actual dollars, the increased cost of fuel is likely to represent for us an additional expense of something in excess of $80 million over the 1973 base of $77 million; if we were to do in 1974 the same amount of flying as in 1973, our total cost of fuel would be $149 million instead of $77 million.

These increases are literally staggering. Since 1971 and before we faced the phenomenal fuel price increases, we have generally been able to offset cost increases to a very large degree through improvement in productivity, steadily achieving more and more efficient use of our equipment and resources by various means. For example, our productivity in 1974, as compared to 1971, will increase by approximately 12% on the basis of available ton miles per employee, and 34% on the basis of revenue passenger miles per employee. In general, however, the aviation industry is considered at or near the end of a long period of very rapid technical improvements which decreased unit costs and increased productivity. What is facing the industry now is general cost pressures on all fronts and all of this indicates the magnitude of the challenge.

The easy way, of course, would be to pass on the full amount of our increased costs to our customers. We feel, however, that because we are a Crown Corporation and because it is part of our mandate to facilitate travel for Canadians, we have to minimize the effect of these higher costs on the travelling public through greater efficiency. We do not, and will not allow ourselves to regard fare increases as the automatic panacea to cost escalation. While the price of our product is likely to increase as all our costs escalate, it should nevertheless be our aim to reduce this increase to a strict minimum. For that purpose we must have a new look at our product and at our way of doing business. We should first determine—which we are doing— what are the essentials that the customers want; the cost pressures that we are under now make it more imperative than ever that as an industry, as well as a company, we make more use of the modern marketing techniques that have made a success of the consumer goods industry. Essentially, we have to find out from the customers what they expect from us. Traditionally, we have too often interpreted the needs of our customers through our own eyes; what is important is what they perceive to be their requirements and not what we perceive to be their wishes. When this is done we undoubtedly will have to make the choice as between the various demands of the market that have to be satisfied.

To me, the situation calls for a basic review with the objective in mind of making more imaginative and innovative use of the resources at our command. It is clear that the cost pressures are such that we will have to attempt to satisfy the basic needs of the various market segments, disregarding some of the frills that we may have become accustomed to and that, in effect, may have more appeal in the eyes of the carrier than in the eyes of the customer. Briefly, we will be required to make a balanced judgment as between the optimum level of service that is desired by the customer and the kind of service we can afford to offer at a price he can afford to pay.

It is in this context and against this background that, barring any unforeseen circumstances, we plan to introduce late this fall a no-reservation, one-class shuttle service between Toronto and Montreal. This expanded and improved Rapidair service will employ our new Boeing 727-200 jets which will be dedicated to this run, flying between the two cities every hour. This, we hope, will be good sound basic transportation with the accent on convenience rather than on unnecessary extras. The aim is very simple—getting the passenger where he wants to go, when he wants to go, quickly and easily, on time, in good comfort and, preferably, with his baggage.

As we examine our method of operation in the light of the demands of the market, we shall hopefully be able to better respond to the essential of these demands while, at the same time, increasing the efficiency of our operation.

But all of this can be done only through people. It is our employees at all levels who have built Air Canada. It is our employees who will continue to maintain and enhance our reputation at home and abroad. Being in a service industry, our mistakes are indeed quite visible, but it is wrong to believe that they happen because our employees are not loyal or dedicated or because they work for a Crown Corporation.

In spite of the economic pressures, we are devoting many resources to the training and development of our people. Therein lies the future of the corporation. I am determined to create an environment where employees will like their work because they are challenged—because I believe that every human being basically responds well under such circumstances. It is therefore important that our operation be so arranged as to avoid the cyclical, regular and massive layoffs that have been a mark of the industry in the United States. In my view, there has to be a better way of running an airline and dealing with human beings. As a Crown Corporation, I feel that we have a unique role to play in this respect; I believe that we can and should innovate and become an example in the area of personnel matters that others will attempt to follow.

Canada is a strong country—richly endowed. As a nation, like all others, it faces many challenges to attain the fulfilment of human purposes. Its transportation systems are important ties that bind. In the complex road ahead, increased attention shall have to be given to an orderly, planned and inter-related use of its transportation systems and the services they provide. In this regard we can draw useful lessons from what is happening to two important modes in the United States, the railroad and airline industries.

Air Canada is, in the truest sense, a national resource of unique value and importance. It has made and is making a worthwhile contribution to the economic and social wellbeing of Canada; it has done much to facilitate the exchange of commerce and communications domestically and internationally and to enhance the prestige of our country in the world community.

We are prepared to devote our talents to assisting the policy-makers in designing a set of useful, meaningful and realistic objectives that will carry us forward over the ensuing decades as a strong and unified country.

Mr. Pratte was thanked, on behalf of The Empire Club of Canada by Mr. J. Palmer Kent, Q.C.

FEBRUARY 4, 1974

Energy: What Next?

AN ADDRESS BY The Honourable
Donald S. Macdonald, B.A., LL.M.,
MINISTER OF ENERGY, MINES AND RESOURCES

JOINT MEETING The Canadian Club of Toronto
The Empire Club of Canada

CHAIRMAN Mr. Henry E. Dynes, President,
The Canadian Club of Toronto

MR. DYNES:

Ladies and gentlemen, welcome to the second joint meeting this season of The Canadian Club of Toronto and The Empire Club.

These past few months have been a time of confusion and of apprehension for many. The fast-moving developments of the world energy problems have been of great concern. I believe that today's speaker will shed light on a cloudy and troubled subject.

Our speaker for this joint meeting is the Honourable Donald S. Macdonald, Minister of Energy, Mines and Resources. All of us, I believe, have looked forward with anticipation to his appearance, for reasons which are obvious. His topic is: ''Energy: What Next?''

Mr. Macdonald was born in Ottawa and is a graduate of University of Toronto, Osgoode Hall Law School, Harvard Law School and Cambridge University. He was called to the bar in 1955 and practised law with a prominent Toronto legal firm.

Walter Gordon persuaded Mr. Macdonald to seek election to Parliament and, in 1962, Mr. Macdonald won a Toronto seat in his first attempt at public office. He was returned to Parliament in the elections of 1963, 1965, 1968 and 1972.

Mr. Macdonald has had a distinguished Parliamentary career. He has served as Parliamentary Secretary to the Ministers of Justice, Finance and Industry and to the Secretary of State for External Affairs. Mr. Macdonald has also served as President of the Queen's Privy Council, as Government House Leader and as Minister of National Defence. In January, 1972, he was sworn in as Minister of Energy, Mines and Resources.

Mr. Macdonald was selected as Man of the Year for 1973 by *The Globe and Mail*. That newspaper said that Mr. Macdonald has what may be the toughest job in Canada. He must try to balance the demands of the oil-producing provinces and oil-consuming provinces, while keeping fuel costs at reasonable levels. The Minister must also deal with U.S. officials who are anxious about our exports of oil to that country.

I am confident that our speaker will present a lively and informative account of the complex energy situation.

Ladies and gentlemen, it is a privilege to introduce the Honourable Donald S. Macdonald.

THE HONOURABLE MR. MACDONALD:

I am particularly indebted to your executive for the kind invitation to speak at this particular time. Coming during a period of active policy formation in the energy sector, at both the national and international level, our meeting today affords an excellent opportunity to report on recent developments in this important area of public policy.

We are living at a time of rapid change on the energy scene. Two weeks ago Canadians watched a major national conference of First Ministers of our own country. One week from today, the world will be watching a major meeting in Washington at the international level on the part of the oil-consuming nations.

What I would like to do this afternoon is to refer to a number of salient features of the very acute problem of oil pricing, and then speak in more general terms about some of the other energy options and decisions facing Canada.

Just a week ago, my colleague the Minister of Finance, with his customary clarity, discussed with you some of the major issues arising from the First Ministers' Conference, particularly their economic and fiscal implications. I will not repeat again the exposition that he made on that occasion. But because of the very significance of the issues involved, I would like to refer briefly to the important questions involved in oil pricing within Canada. I want to put in sharp focus once again the issues which are before us as a country in our planning in this vital sector.

As my colleague indicated, the First Ministers' Conference of January 22nd and 23rd was of great value in achieving a compromise on the oil-pricing issues for another period of months in which longer term solutions may be worked out. But it also achieved consensus on a number of fundamental principles which will govern oil pricing in the longer run.

Firstly, the First Ministers arrived at a consensus on the proposal first made to the House of Commons by Prime Minister Trudeau last September. He proposed that we depart from the previous national oil policy of having a Canadian market divided into two parts, and move to a single oil price for all Canadians subject only to adjustments for transportation cost and quality of oil.

Secondly, the First Ministers recognized that to achieve a single Canadian price, a transfer payment or subsidy would be required for that part of the Canadian market now served by overseas oil east of the Ottawa Valley. This subsidy would be used to hold down the price of imported oil to the price level agreed on for our own domestic oil production.

Thirdly, the conference agreed with the objective set out by the Prime Minister on December 6th that Canada move toward self-reliance in oil.

To arrive at agreement on these points was an achievement, but at the same time we must recognize that there still remain a number of difficult questions concerning their implementation.

Perhaps the most painful of all is the awkward question of who should pay for this equalization of prices. Should it be the general taxpayer, who would face heavy increases in personal taxation, or should it be from the windfall profit which will result from revaluation of the price of domestic oil in Canada?

Also unresolved are three other questions:

What share of the windfall is to be passed on in a better return to industry, and particularly to producers who can use the additional cash for developing the additional resources we are going to need in Canada?

What capital funds should go into government hands, both federal and provincial, for stimulating additional exploration and development?

And what impact will this additional revenue to the oil-producing provinces for their products have on the existing equalization formula?

We have until April 1st to resolve these four questions. There has been a fairly generally expressed provincial view that before additional consultations take place at the official level, there should be a breathing space for the analysis of the results of the conference.

We are anticipating that towards the latter part of February there will be further intensive official discussions on some of these difficult questions. Following these meetings of officials, we have suggested a meeting of Energy Ministers. If it be thought desirable, or necessary, we could then have another gathering of First Ministers.

The many Canadians who watched the two-day televised open conference also came away with a number of general reactions. The first was an increased awareness of the complexity of oil pricing. It is complex not only in the narrower technical perspectives of the petroleum industry, but also in the broad issues of national and international concern about the world-wide ramifications of soaring prices.

The watching public also appreciated how the widely-varying views of the ten Premiers represented dramatically the regional differences in this country on the tricky oil-pricing issue.

Not the least of the advantages of a public conference from a federal standpoint was the demonstration of what an extreme range of views there is.

It remains the federal government's responsibility to try if possible to bring national agreement from these differences. But the conference made it clear that attaining a national consensus is not the simple and automatic matter which some editorial writers at times seem to think it is.

Many Canadians in future will be much more wary of those who glibly offer easy answers to these involved questions.

I had the advantage last week of meeting in Washington with American policy makers in the energy field for general talks and to learn of their approach to the meeting of consuming nations starting next Monday in the American capital.

I have been struck by the similarity at the international level with the range of opinions and problems that we have in Canada.

The Washington meeting will be important not only from the standpoint of the governments and peoples of consuming countries who will be meeting, but for the entire world.

Today's international oil prices present horrendous problems for less-developed countries without any supplies of their own. Some face threats to their entire economies.

Canada goes to the conference in a rather more comfortable position than some of the other participants. But we cannot go to it with any feeling of complacency. A failure to arrive at some satisfactory means of managing the oil-price question could raise serious challenges for international industrial policy, international trade, the stability of the world monetary system, and could even upset the basic political stability of the world.

The international conference will have to realize we are dealing with a non-renewable resource of the producing countries. It will have to seek what is, to borrow a term from Premier Lougheed, fair value for the oil that is now being sold on the international market.

Applying our Canadian experience to that difficult question, we may well be suggesting to the conference the same principles for determining international oil prices that we have suggested for the price in Canada. At the First Ministers' meeting we suggested that the oil price should be high enough to provide an incentive to bring on additional reserves of oil, and to assure a cash flow to producing countries. But it should not be so high as to bring about economic distortions, and particularly inflationary distortions, for the consuming countries.

In specific terms, we used a six dollar figure as a possible starting point for price discussions at the Federal-Provincial conference. And the same figure may be equally à propos at the Washington meeting. In rounded terms, such a figure would represent a reduction from the high prices established by producing states in December and January, while still assuring to them a substantial increase in their returns from their non-renewable resource. A reduction of that kind would enable Canada in turn to reduce the price at which Canadian oil is now being sold to the United States, with of course the prospect of a corresponding reduction in the export tax.

This international conference has been called in haste, and hence participants will not be as well prepared as one would like for such an important meeting. To say that is not to be critical, for the haste was required because of the suddenness with which the problem presented itself. As a minimum, the meeting should achieve a recommendation on the best forum in which to have a full scale discussion.

Should it be within the framework of the United Nations, the United Nations Conference on Trade and Development, or a special international gathering called for the purpose?

Whatever the forum, it must take account not only of the developed consuming countries, but also the less developed countries and the producing nations themselves.

The oil issue has had top headlines at home and abroad, and has inclined to overshadow some important other issues in the Canadian energy scene.

At the First Ministers' Conference I set forth a number of federal proposals in the nuclear and electricity fields which we feel could lead to a substantial advance in our energy situation.

For a decade and more Canadians have been fascinated by the concept of a national electric power grid. A number of premiers spoke in favour of such a project as having extensive advantages for Canada both in national and in economic development terms.

The advantages of a closer connection between provincial utilities are many-fold. By providing access between provinces, additional electric facilities, whether hydro or nuclear, may be planned on a larger scale to attain economies of operating cost, and in a way to avoid competing provincial demands on a tight capital market.

Security of supply is enhanced by providing a reserve in the case of an emergency resulting from a break-down in the generating capacity in any province. In a country our size, with the peak demands in each region occurring at different times because of the time-zones, an economy in peaking power also can be achieved.

The obvious advantages of closer interconnection led to a careful analysis of a national power grid in the sixties. The 1966 conclusion was that because of loss of efficiency with existing techniques for long-distance transmission of electricity, a national grid was not justifiable. Electricity has important advantages over oil and natural gas as an energy source. Its principal disadvantage is that it is extremely costly to transmit over very long distances. In general terms, oil is the least costly energy commodity to transmit, gas is almost twice as costly, and electricity more costly again.

Since the 1966 study there have been some important achievements in long-distance transmission in Canada. Both Hydro-Quebec and Ontario Hydro have made significant progress in this area. The federal government has funded research into long-distance transmission by provincial entities. The federal financing of Manitoba Hydro's Nelson River direct current transmission line has established a body of expertise in Winnipeg which can make a major contribution to the development of a national grid.

I believe an early opportunity exists for closer interconnection between the four Western provinces. We will follow through on my comments at the First Ministers' Conference to see what initiatives may be taken at the federal level to further this goal. The principal problem in geographical terms remains the substantial mileage between the Lakehead and other consuming centres in Ontario. We know that Ontario Hydro has been wrestling with that problem.

Extensive discussions have taken place over the last several months with the governments of the Atlantic provinces to establish closer regional co-operation between electric utilities in that area. Tighter interconnections between the power utilities of the provinces can mean greater security in the electric supply systems, economies in operation, and a lower power cost for consumers.

For these reasons, the federal government proposed to the First Ministers' Meeting a programme of financial assistance to enhance interconnection between provincial utilities on a regional basis. Specifically with regard to the Maritimes, we joined that offer with another to provide financial assistance for the construction in New Brunswick of a new two-unit CANDU nuclear station to serve the three Maritime provinces and the province of Quebec.

If the additional electricity needs of those provinces can be met from nuclear power rather than from fossil fuel, and particularly from oil-fired generating stations, we can provide not only a sure source of supply of fuel for electric generation purposes but we can also provide assurance of low cost over a longer period.

The year 1973 saw further successes in the Canadian nuclear reactor programme and also some great opportunities. Ontario Hydro in co-operation with Atomic Energy of Canada Limited now has in full operation the world's largest nuclear generating station at Pickering. In terms of efficiency, the Pickering station has had a notable success and it was because of this success that Atomic Energy of Canada Limited has been able to sell its nuclear reactor system to two foreign countries during the past year.

A contract was completed in 1973 to install a CANDU unit in Argentina, and several days ago we learned of the Argentine wish to double that capacity. AECL has also received a letter of intent from the Republic of Korea for the construction of a CANDU unit in that country with an option of a second unit.

A significant opportunity now exists in the decision of the British government to seek a new nuclear system for its Central Electric Generating Board.

Strongly supported by Ontario Hydro, and with the personal support of Ontario Energy Minister, Darcy McKeough, AECL has been active in presenting to the British authorities the opportunities which the CANDU system offers for safe, efficient and, in the long-run, low-cost power. But it also offers partnership with Canada in developing further stages of nuclear generation, and partnership in exploiting the industrial possibilities of nuclear sales in the Common Market and elsewhere.

Tomorrow night I am flying to London to make additional representation on the merits of CANDU along with AECL representatives. We will also be supported by Mr. McKeough and Ontario Hydro representatives.

I intend to meet with Lord Carrington, the British Secretary of State for Energy, and it is slightly unique that we were both defence ministers of our respective countries at the same time. I also will see the Right Honourable Peter Walker, the Industry Minister, Treasury Ministers Maurice Macmillan and Thomas Boardman. In addition, I and the other Canadians also will meet with an all-party group of British MPs as well as a number of officials representing government departments and power utilities.

After our visit the Honourable Alistair Gillespie, Minister of Industry, Trade and Commerce will follow up later this month with further initiatives with the British officials, and British industry, on the possibilities of joint co-operation in nuclear plant construction.

At a time when headlines on energy seem to bring more bad news than good, we can draw some Canadian satisfaction from the good news of the success of CANDU at home, and growing international interest abroad.

In these days when communications between individuals, and between governments, are supposed to have been improved through the science of electronics, personal contact still remains one of the best means of conveying a message. That certainly was my experience last week in the Washington visit which was undertaken both to prepare for next Monday's international meeting and to deal with a number of bilateral Canada-U.S. problems.

I certainly encountered a willingness to hear about Canadian problems at the time of the energy crisis, and to understand the reasons for our policy decisions. Federal Energy Administrator Bill Simon and the other American officials with whom I met, are now I believe in a better position to know the ways in which Canada and the U.S. may co-operate in the energy field.

The removal of misunderstandings is a basic move in attempting to improve relations either bilaterally or multilaterally.

The Canadian delegation will go to Washington next week wholeheartedly in support of this meeting which will be of such importance to the world.

We will be prepared to do our utmost and co-operate to the fullest extent in attempting to reach solutions to problems which, indeed, hold out a threat not only to national economies but to the entire world in which we live.

The Honourable Mr. Macdonald was thanked on behalf of the Joint Meeting by Mr. Joseph H. Potts, C.D., Q.C.

FEBRUARY 7, 1974

Universities: Who Needs Them?

AN ADDRESS BY H. Ian Macdonald,
DEPUTY MINISTER, MINISTRY OF TREASURY, ECONOMICS AND INTERGOVERNMENTAL AFFAIRS, GOVERNMENT OF ONTARIO

CHAIRMAN The President,
Robert L. Armstrong

MR. ARMSTRONG:

Mr. Minister, distinquished head table guests, ladies and gentlemen: If I were to give the best introduction possible of our guest speaker today, I could only do so by plagiarizing his own elegant introductions of speakers in the 1969-70 year of this Club, when he was our distinguished President. I shall refrain from such literary theft with a possible exception or two.

Mr. Macdonald was born in Toronto and led his course in obtaining a Bachelor of Commerce degree with first class honours at the University of Toronto, winning the Governor General's Medal for highest degree in the Faculty of Arts and the Cody Trophy for contributing most to the athletic life of University College. A Rhodes Scholar, he earned a Master of Arts degree in two years and a Bachelor of Philosophy in Economics in an additonal year at Balliol College, Oxford and while there was Captain of the University of Oxford hockey team.

In 1955 he joined the Department of Political Economy at the University of Toronto, being appointed Dean of Men in University College and subsequently professor of Economics.

In January 1965 Mr. Macdonald was appointed Chief

Economist for the Province of Ontario with responsibility for all economic research in government. In 1967 he became Deputy Provincial Treasurer (Finance and Economics) and later, after government reorganization, Deputy Treasurer of Ontario and Deputy Minister of Economics. In April 1972 under the new structure, Mr. Macdonald was appointed to his present position, Deputy Treasurer and Deputy Minister of Economics and Intergovernmental Affairs.

It is a particular tribute to this extremely capable mandarin that his Minister is present at this table to do him honour.

Our speaker has served as Chairman of many important governmental committees, too numerous to specify in this introduction. He is presently Chairman of the Economic Studies Committee appointed to advise the Premier on long-range economic policy.

Perhaps his greatest challenge of all lies ahead. On July 1, 1974, Mr. Macdonald will become President of York University.

I have borrowed two quotations from Mr. Macdonald's famous introductions.

When introducing the then Dean of the Faculty of Administrative Studies at York University he quoted the late Sydney Smith who parodied the aphorism of George Bernard Shaw "Those who can, do; those who can't, teach" with the following, "Those who can, do; those who can't, teach; those who can't teach, administer; and those who can't administer, work for the government." Mr. Macdonald modestly added that such a reference to the then guest speaker would not only be inappropriate but actually offensive, except that he himself had followed that path to its ultimate conclusion. Humorous but not true of today's speaker.

But, best of all, I liked his quotation on another occasion, "The groves of academe have been swept by brush fires in recent years and their tranquility upset by periodic turbulence." I trust his new career will not prove unduly tempestuous. All who know him are confident he will fill his important new position with great distinction.

Ladies and gentlemen, I am indeed proud to present to this audience Mr. H. Ian Macdonald, Deputy Minister, Treasury, Economics and Intergovernmental Affairs, and President-elect, York University, who will address us on the subject, "Universities: Who Needs Them?"

Mr. Macdonald.

MR. MACDONALD:

Mr. Chairman, ladies and gentlemen. When asked why he hired so many of his relatives, the late President Kennedy remarked that it is easier to fire a relative than a friend. However, there is absolutely no way, that I have discovered, to graciously say "no" when asked to do something by a member of the family. As a former President of this Club, I found myself recently in precisely that situation, for this is far from the ideal time for me to make a major address. As a civil servant, I am still bound by the statutory oath of secrecy and the traditional practice of anonymity. As President-elect of York University, due to take office on July 1, I can scarcely speak for that institution. Not only would it be improper to do so but unwise, I suspect, in view of my formal absence from the academic community of nearly nine years. When the veil of anonymity is lifted from my shoulders on July 1, I shall certainly feel less fettered and I might even have something worthwhile to say.

In earlier years, at the University of Toronto, as one deeply interested in questions of public policy, I had the freedom to speak, but not the access to facts; recently, as a civil servant, I have had the access to the facts, but not the freedom to speak. I have often considered that, if those two states could be wedded, public policy would be the beneficiary in Canada. Indeed, those separate states provide the launching pad for my remarks today, because I believe that there are not two, but several, solitudes in Canada and, whereas we do not have a "secret society", we are far from having "an open society". Only with a more open society will the unique opportunities of this nation be realized, and the significant example which we can set to the world be achieved.

This deeply-held belief, which I shall elaborate upon shortly, helps to explain why I decided to leave government and return to university life at this time. I hope you will forgive me, Mr. Chairman, if I indulge in a few personal remarks, but surely The Empire Club family is an acceptable place to do so.

You are all aware that the process of choosing a university president today is a highly open and public one, and as part of the trial by fire, I was invited to various open meetings of faculty and students at York University. The first question put to me on the very first day was: ''Why would a pillar in the corridors of power with access to control over great sums of money be interested in a position with no power facing severe financial stringency?'' All I could think to reply, while trying to prepare a cogent answer, was that I had been on the fringes of politics for so long that I had decided it was time ''to turn pro''. Indeed, I am advised that certain political skills are a prerequisite to the survival of university presidents. However, if the assumption underlying the question which was put to me at York is true, I could best describe myself, in paraphrase of Peter Newman, as ''a renegade from power''.

At the time of the announcement that I was leaving the Ontario Government, I confess to you that I experienced quite a cultural shock. After nine years of studied anonymity, I burst forth into two weeks of unsolicited fame and publicity. That condition proved to be doubly difficult for one who had spent a lifetime deploring ''the cult of personality''. May I also report that the publicity assumed some rather curious forms. For example, I was interested to read that I wore ''a nondescript suit and an unfashionably thin tie''. Now, I readily admit that, until that moment of revelation, I was totally unaware that ties came in different widths, but what really jolted me was the fact that I was wearing my best suit. The very next day I received a telephone call from Ottawa and my heart took an ecstatic leap when I was advised that it was from ''Fashion Unlimited'' but, alas, it was for another Macdonald in the Ministry of Industry and Tourism. Then, *Time* magazine wrote that ''I balanced books rather than writing books''. Let me point out that, whereas I have been responsible for producing two books of

Confederation essays in recent years, I cannot recall when we last balanced the provincial budget during my tenure as Deputy Treasurer of Ontario.

Well, Mr. President, I must have been asked a thousand times, during the past few weeks: why am I going to York? My answer is simple. I believe in the future of our universities and particularly of York. But, I would like to add today what I could not reply earlier because it would have sounded immodest and patronizing. In the months preceding my selection, many members of York University had spoken to me in the most generous terms about considering the presidency. I tell you this in order to indicate what impressed me so much: everyone I met at York was enthusiastic about its future and demonstrated nothing but goodwill towards the office of the president. That apparent state of mind was reaffirmed during my peregrinations at York as part of the selection procedure.

I believe it is fair to suggest that the public perception of York is rather different. It must be, if my experiences during the past few weeks are any indication. I have experienced some of the sensation of the bon-voyage of Christopher Columbus. Everyone wished him well, while remaining convinced that the world was flat! Similarly, the external perception of York and its presidency is almost fatalistic. But, unless there is some hidden leviathan waiting to swallow me up, I cannot share the view of those who have been tearfully waving me farewell, as I embark on a mission of self-destruction. I simply believe in York and the future of York. York University is alive and well and living in Downsview, where it might be described as a university in search of an expressway. In that sense, I confess that its new president is about to suffer from self-inflicted wounds in view of certain policies of the Ontario Government with which I have been associated.

Let me attempt an answer to the question of my title: Universities: Who Needs Them? During the 1960's, post-secondary institutions in this country, and in this province particularly, developed at an unprecedented rate. In a short space of years, we grew from seven to fifteen provincially-supported universities in Ontario and we created twenty-two new Colleges of Applied Arts and Technology as part of the post-secondary system. I recall once calculating that post-secondary capital investment in the quinquennial period 1967-1972 in Ontario would surpass all that had taken place in the preceeding century of Confederation. That was the era of the "quantitative revolution" in education. There were some who expressed concern from time to time about the extent of the outlay, and the pace of events, but our social, economic and demographic circumstances were such that we really had no choice. That underlying concern often concealed itself in an attempted economic justification of investment in education. "Investment in human capital"—that most unfelicitous phrase—was a concept that I for one argued against rather forcefully, because I believed—and still believe—that education is more than an economic process, more than a means to an end, and more than mere occupational training, but that it is a prerequisite of a civilized society and a process whose intrinsic worth has been demonstrated many times over.

Now in the 1970's, we are in the phase of the "qualitative revolution", where that intrinsic worth to society must be carefully cultivated and demonstrated. Those professional purveyors of gloom, not an exclusive Canadian commodity although we seem to have more than our share, now talk about universities as a "declining industry", one doomed to financial failure and intellectual impotence. That, I submit, will happen only to the extent that those responsible for university affairs let it happen. We need universities more than ever. The question is not do we need them, but what should they be in the modern world? Let me not appear to suggest that there are no problems — there are. However, my point is that the solution is not to throw the baby out with the bathwater, but rather to consider how often the baby needs to take a bath, while remaining a sweet-smelling member of society.

So long as the constitutional responsibilities of our Confederation remain intact, and the revenue sources among the three levels of government remain unreformed, then education and a variety of other socially desirable activities in this province will face financial hardship. I foresee no relaxation in that condition throughout this decade. Indeed, I can assure you that it will be worse before it is better. Incidentally, my current position precludes me from anything but the most neutral comment on the fundamental fiscal problems of Canada's Confederation, but I *might* well have a comment or two come July 1.

What is the basis of this austere forecast? In recent years, the Government of Ontario has been faced with massive deficits and cash requirements far in excess, relatively, of those of the Federal Government. The Government of Ontario is committed to major transfers to the municipal level of government to offset its sole dependence on the regressive property tax. The current concern about the quality of life means that massive new demands are arising within the constitutional umbrella of provincial governments—environmental protection and enhancement, mass urban transit, preservation of agricultural land, development of recreation and open space, urban renewal and beautification. The decision to embark upon the protection of some 1.3 million acres of the Niagara Escarpment and to provide a Parkway Belt from Hamilton to Oshawa around Metropolitan Toronto will involve an outlay of at least one billion dollars over the next few years—and more to come. In the face of these demands, education, health and the traditional social services obviously will be faced with strong competition for funds. No one knows that better than I; hence, I think I am taking the post at York with my eyes open.

Someone once said that there are two reasons why parents want their children to go to university: either because they went themselves, or because they didn't. By the same token, my experience in government has taught me that there are two diametrically opposed attitudes to government, depending on the issue: those who criticize the government for spending too much, and those who argue it is not spending enough. The current situation in the schools is a good example. I suppose the two general propositions that I hear most are: one, that taxes are taking too big a bite out of our pockets; and two, that expenditure on education is too lavish. Yet many of these same people feel, where their own children are concerned, that the ceilings are resulting in over-crowded classrooms and poorer education. Some who can afford to do so buy their way out by opting for private schools, but I cannot accept that answer. The only resolution to the dilemma must be acceptance of the necessary discipline to reach agreement on strict priorities, a willingness to set goals and objectives, and the ability to concentrate on those things that matter most. If we face a choice between lower library budgets or more educational television then surely we must be prepared to decide. That is why I do not believe that universities need be a declining industry or that the quality of their product must be diminished. Rather, I believe:

1. We must be willing to have sufficient co-operation among universities to avoid wasteful competition without, at the same time, converting them into an educational cartel.
2. We must be willing to decide on those programs and activities that should be our priorities and be willing to concentrate on them.
3. We must have a sufficiently clear medium-term financial plan to avoid unnecessary emergency situations.
4. If universities wish to seek a bigger share of the public's financial pie, they must be capable of convincing the public that they deserve its support and that they are relevant to our society.

Universities: Who Needs Them? We do—desperately—and let me begin to suggest why. Anyone looking for historical justification for our universities can find evidence in abundance. The universities, their faculties and their students have been guardians of some of our most cherished values — the responsibility for pushing back the frontiers of knowledge, the protection of the freedom to dissent, the ability to explore myths and social fallacies, and the capacity to enlarge the horizons of young minds and those of an increasing number of adults, whether in a creative direction or in a critical fashion.

However, there have also been conspicuous areas of neglect and examples of unfortunate failure. The universities alone are not to blame for these and, perhaps as an impressionable undergraduate, I set too high a store on the remarks of one professor I respected greatly. He said to me: ''Do not go into a university career unless you expect to push back the frontiers of knowledge.'' Yet, in my own subject of economics, I find it difficult to identify the shifting of any frontiers since the work of John Maynard Keynes. We have had great improvements in technique and the accompanying analytical apparatus. Yet, to take three major fields of fundamental and peculiar importance in Canada—the economics of transportation, fiscal federalism, and regional disparity—we have really had no success at all in our fundamental understanding and capacity to knock down the barriers to social progress.

Looking forward, I believe that we face some fundamental battlegrounds in Canada that will command all the intellectual muscle we can muster:

— The road to national unity remains as treacherous as ever before in the history of Confederation.

— The outcome of the basic uses to which we put out non-renewable resources will determine our long-term future and our relationship to the world.

— The question of human settlement, in all its complex parts, in a metropolitan area like Toronto, where so many do not bear names like Armstrong or Macdonald, has had scant attention.

— The attitudes to population change and economic growth now and in the future will determine the type of society we will become.

— The importance of planning the landscape to suit the full needs of everyone rather than the selfish interests of the few is becoming increasingly clear.

— The issue of the balance between work and recreation in our society will have profound economic and social consequence.

— The questions of who should be educated, how far, in what direction, for what, and paid for by whom remain unresolved.

- The process of humanizing government and decentralizing it in order to bring it closer to people, and to fulfill the urge for self-determination on a regional and local basis, must be accelerated.
- Above all, the objective of retaining and enhancing a compassionate society in Canada should be a top priority.

We often ponder the role that Canada should play in the arena of world giants. I believe that our role should be to create and maintain a society in Canada that is truly the envy of the world, not for the selfish satisfaction of those of us who are privileged to live here, but as a source of inspiration and as proof that post-industrial society, or whatever you chose to call it, can be civilized, tolerant and humane. That we achieve law and order by the concern of all rather than the muscle of the few, that we retain the priority of green grass over concrete caverns, that we can bring work to people as well as taking people to work, that we can treat the old and the young as part of a larger family rather than statistics in homes for the aged and day-nurseries, and, perhaps above all, that we can take the time and make the sacrifice to ensure that the handicapped are happy, contributing members of the community—those are some of the goals that I see for Canada.

My hope is that the energies and talents of universities can be marshalled to those ends. In recent years, far too much effort has been devoted to wrestling with questions of internal structure. Much of the vitality of universities has been sapped in resolving the process of *how* to do things, rather than in deciding *what* to do. Universities are not alone in succumbing to that temptation. When Ontario called the Confederation of Tomorrow Conference, the objective was to determine the kind of Confederation we wanted to be. Unfortunately, it was succeeded by sterile and still-born discussions of constitutional arrangements. Debates over structure are always easier than setting goals and objectives. But constitutions and university structures are creatures of man, the product of an act of will, and vehicles to help us reach our destination. Let them not become a preoccupation or an end in themselves. Let us create something that works—and not spend too long over it—in order to tackle our primary responsibilities.

In the case of each issue to which I have referred, I believe the university can and must play a large, although by no means an exclusive, role. The traditional university is now only part of "the university" in the broader sense. Learning and research are diversified among a variety of institutions and situations today; nor does the university enjoy a monopoly of knowledge — far from it. The university as an institution must recognize that it is a central part, but still only a part, of a variety of centres of knowledge and learning — business, government, resource institutes, community colleges, and so on. Still it is a special star in the intellectual constellation and should be a guiding light. To do so, however, it must earn its place of leadership. To do that, in turn, it must not only know itself, but know and understand intimately the world and conditions around it.

Therefore, I believe two ingredients are now of great importance—openness and mobility—between the various parts of the "new university"—the broad community. Universities should be leading the way. I believe in, and I have done my best to encourage openness of government. Organizations which behave as secret societies must bring suspicion and mistrust upon themselves. Yet, as I keep trying to convince journalists and political scientists, there is nothing conspiratorial about governments; we just muddle through! Let us open up our institutions—let everyone see what we are doing—let the professor know the actual problems of the corporate suite, the businessmen the true constraints of the Cabinet room, the person in government the real objectives of the university.

Over time, mistrust and suspicion will be alleviated by greater mobility, which is something I believe in and have tried to practise. I am well aware of the practical problems. I do not think that I could go downtown tomorrow and run a bank, and I suspect any bank president would find that he had a little to learn about being Deputy Treasurer of Ontario. However, we must be prepared for greater movement of people and less rigorous definition of what constitutes "formal preparation for the job". Again, I believe there is a lesson in this for universities in terms of the type of graduate they should be producing. I suspect, more and more, that our society will require people who are skilled in the arts of life and not solely occupationally trained. Nor am I referring to the commonplace distinction between the theoretical and the practical. Rather I am thinking of the difference between flexibility and adaptability on one side, and narrowness and confinement on the other.

Now, I have reached my limits and should really say no more. Recently, I read an interview in the *Manchester Guardian Weekly* with young Winston Churchill, the grandson of the great. Asked whether his name had been a help, he replied: "I've never found it a liability, except when it comes to being bashed over the head in Chicago." It appears that Mr. Churchill was in Chicago in 1968 as a reporter covering the Democratic Convention and was frisked, beaten up, and pushed by a policeman over a 15-foot parapet onto an underpass. It is true that he had made the mistake of behaving like an English gentleman in saying to one policeman: "What's your number?" The policeman had then enquired who he thought he was. "I told him," he said. "That of course was a great mistake."

It would be a great mistake to tell you my plans for York: (a) I have not made any at this point; (b) I am not aware, at this stage, how a president carries them out; and, (c) if I had any, and could carry them out, I would probably not agree with them in a few months time.

I do say this. Those who created York University and brought it to a state of such excellence, in such a short period of time, deserve the gratitude of all of us. Universities deserve to have a great future, and York has all the potential to be one of the great universities of the world. I believe in universities and I believe in York. Their challenge is to retain their essential values, while participating in the wider "University of the World" which I have tried to describe.

And for now, that is my answer to the kindly and to the quizzical who have asked me so often during recent weeks: "Why would you want to do it?"

The appreciation of the Club was expressed by Mr. J. Alex Langford, Q.C.

FEBRUARY 14, 1974

The Gap between Them and Us

AN ADDRESS BY His Eminence, Paul-Emile, Cardinal Léger, C.C., L.TH., J.C.L., S.T.D., LL.D., D.C.L., LITT.D., K.H.S.
MISSIONARY PRIEST IN THE REPUBLIC OF CAMEROON AND FORMER CARDINAL ARCHBISHOP OF MONTREAL

JOINT MEETING The Empire Club of Canada
The Canadian Club of Toronto

CHAIRMAN Robert L. Armstrong, President,
The Empire Club of Canada

MR. ARMSTRONG:

Monsieur Chargé d'Affaires, Your Graces, Your Excellencies, Reverend Sirs, distinguished guests all, ladies and gentlemen. As is apparent from the composition of this head table, the Empire and Canadian Clubs are putting into practice a joint ecumenical philosophy and if I may be pardoned this comment, it occurs to me that should the millenium arrive at this moment, we could hardly find ourselves in more select company.

We are highly honoured to have as our distinguished speaker a Prince of the Roman Catholic Church whose love for his fellow man has taken him far from the comfort of our affluent society to the privations of the life of a simple priest, where he performs his kindly ministrations to the poor and underprivileged, the sick and the suffering.

His Eminence, Paul-Emile, Cardinal Léger was born in Valleyfield, Quebec and it is more than coincidence that he and his brother, His Excellency, the Right Honourable Jules Léger, our Governor General, have risen to such prominence in this great nation. It speaks eloquently of a fine family background in the best traditions and culture of our good neighbours in la Belle Province.

Having taken classical studies at Séminaire de Sainte-Thérèse and Theological studies at le Grand Séminaire de Montreal, Cardinal Léger went on to study Canon Law at l'Institut Catholique de Paris, receiving the degrees of Licentiate in Theology and Licentiate in Canon Law.

He was ordained Priest in 1929 and, after teaching in Paris became Founder Superior of the Seminary of Fukuoka in Japan. In 1939 he returned to Canada and from 1940 to 1947 he served as Vicar General of the Diocese of Valleyfield. From 1947 to 1950 he was Rector, Canadian College in Rome. In 1950 he took possession of the See in Montreal and was officially enthroned as Archbishop. He was elevated to the Sacred College of Cardinals in 1953.

In 1967 our speaker responded to a call to even greater humanitarian service and with the approbation and blessing of the Pope resigned his Archdiocesan charge to leave for the mission fields of Africa as a priest. He served first among the lepers, then organized schools for the handicapped, established hospitals and helped initiate small local industries and assisted in training programs for workers.

I shall not attempt to recite the twenty-five or more honourary degrees and decorations awarded His Eminence except to mention two granted in 1969 — the Royal Bank of Canada Award for service to Humanity and the Order of Canada Medal.

It is coincident that this meeting takes place on the festival of St. Valentine and therefore quite appropriate that the cards produced on behalf of the Cardinal and his Endeavours, which have been distributed here, announce that the first Canadian Director of the Rehabilitation Center for the Handicapped at Yaoundé in the Cameroon Republic is Mr. Philippe Saint-Amour and it is in the spirit of love that we welcome our guest of honour who has come to address us for the second time. On May

4, 1972, speaking on the subject "The Third World" he said that he has endeavoured to represent Canada to Africa and Africa to Canada. As Canadians we could not have finer representation.

Et maintenant, Mesdames et Messieurs, au nom des Clubs Empire et Canadian il me fait plaisir de vous presenter votre conférencier, un Canadien renommé partout et un Canadien très distingué, Son Eminence le Cardinal Léger.

CARDINAL LEGER:

I would like to begin by saying how glad I am to be back in Toronto once again. Over the years, and especially since leaving Montreal, I have come to know Toronto better, and the welcome and support you have given me are things for which I am very grateful.

And so my first words must be words of thanks; words of gratitude—gratitude for having asked me to speak to you today, gratitude for the kind memories so many of you have for me, gratitude for all those who have worked to support my work in Africa—for all those hours spent so unselfishly, for the gifts both large and small which have come from so many generous hearts, and for all the moral and spiritual support that so many of you have extended to me—for all this, and for so much more I thank you. And I thank you not only in my own name, but in the name of all those I have tried to serve, in the name of the poor and the lame, the blind and the paralysed, of the lepers and of the sick children. On behalf of all these people, I would like to thank those thousands and thousands of my fellow-Canadians who have helped to relieve the appalling scourges of hunger, disease, waste and premature death which afflict so many of our fellow human beings.

Sometimes, you know, we all get discouraged about our work, or our country—or just life in general. But sometimes when I am in one of these moods I think about our Canadian experience—with all its hesitations and even mistakes, yet, *also,* with its genuine idealism and spirit of respect for different points of view; I think about this experience, and I am proud to belong to a country which is still trying to create something new, a country which is looking forward to the future, a country, moreover, which being aware of its own tensions and difficulties is prepared to sympathize with the problems of less happy lands. We should take pride in this Canada of ours, and draw strength from what we have already accomplished in the past so that we may face the future confident and unafraid.

And part, of course, of the future which we are all going to have to face is the fact that most human beings in the rest of the world are not nearly so well off as we are. And, it is about these human beings, and my work with them that I have come to talk to you. But, first of all, you must realize that I can only talk to you on the basis of my own experience and background. I am not a diplomat, and I cannot really tell you anything about the political role of Canada and the African states. Nor again, am I an economist or a sociologist—I know nothing, in a first hand way, about the balance of trade or the interaction of social classes. After all, if you wanted to hear about any of these very important realities, there are lots of politicians, economists, and social scientists who could give you a much more authoritative talk than I could. But my life has been devoted to the preaching of the Gospel, of trying to bear witness, however imperfectly, to a spiritual and moral view of the world which led me finally to leave Montreal and to work in Africa. And what I want to do today is draw my work in Africa to your attention, and to try to show you why I think it is important to go on. Like St. Paul, a long time ago, I do not come to you "in lofty words of wisdom", but simply to give you an account of what I have tried to do, and how I see this work in relation to our responsibilities in the Western world, and our own vocation as Canadians.

Pope John the Twenty-Third used to warn us against what he called "the prophets of doom", and certainly the person who is always crying *fire* ends up a kind of joke—no one listens to him, and people say "Oh, old so and so is at it again". (Il chante toujours la même chanson.) I have no desire to be pictured as a prophet of doom, nor do I want to be taped as someone who is always looking on the gloomy side of things. On the other hand, I am sure you will agree that there are a lot of things about the world situation today which ought to give us pause for thought. One of these is what the press calls the ''energy crisis'', and I want to say a few words about this, while at the same time drawing your attention to another crisis which we don't hear so much about in Canada and which we could call the ''grain crisis''.

Let us begin with the energy crisis. It existed a long time before Western Europe and this continent began to feel the pinch. Last June the United Nations published its *Statistical Year Book* for the year 1971. The general tenor of this book was the familiar theme that the gap between the have and the have-not nations is steadily widening. In countries where shortages of food, housing and industrial out-put make life most difficult, the rate of production is keeping just a bit ahead of the sharp rise in population. In contrast, in the developed countries, where the growth of population is significantly less, much higher industrial and agricultural production is providing an increasingly better standard of living.

The Report goes on to say that this disparity in the standards of living can best be illustrated in terms of the consumption of the world's energy. In 1970, the developing countries, with a population more than twice as large as that of the developed countries, used only a little more than one seventh of the total energy consumed. All sources of energy—liquid, solid and natural gas—were then compared in terms of the energy that would be produced by metric tons of coal. In those terms each individual in the United States used the equivalent of 11.1 metric tons of coal in 1970, compared with the world per-capita average of 1.9 metric tons. Canada was second with an average of 9.1 tons per person. At the other end of the scale we find India with 0.19 ton, and Ghana with 0.16. It is clear from these figures that the *elements* of a crisis existed long before a certain set of political events triggered off the present situation.

Now, I am reminding you of this particular aspect of the imbalance between the Third World and our own, precisely because it is so topical—it is not only easy for us to grasp theoretically, but it is not so easy to forget if we are cold and the oil bills are going up. But we cannot expect much international sympathy for the oil shortage, because in the eyes of many people in the Third World we are at least partly responsible for another shortage of a much more serious nature than that of oil—and this is the shortage of food. Whether we enjoy the thought or not, Canada and the wheat growing countries of the world are accused of quite literally starving poorer nations to death in order to keep the price of grain at an all-time high. I do not suppose for a minute this represents the motives of those in the trade of grain, but the reality behind the continuing record grain prices is that these prices are now putting the lives of millions of people in serious jeopardy. Eighteen months ago wheat—the most widely traded of all grains—sold on the world market for little more than a U.S. $1.50 per bushel. Today for many trades the price is above $6. a bushel.

And yet, in the past few months, almost all the main growing and exporting countries—the United States, Canada, Australia, the Common Market countries and the Soviet Union—all ironically in the big industrialized league—have harvested record or near record grain crops. In fact the total wheat harvest is now put at a massive record of 338 million tons — six per cent more than the previous highest set two years ago.

Why then are the prices still soaring?

It is partly because of last year's record grain trade — precipitated by high Soviet purchases — which seriously reduced international stocks to their lowest level for more than twenty years. But the main reason for the reduced stocks is that the rest of the world, and mainly the poorer section, harvested very poor grain crops this season and they are having to buy: and by and large they are having to buy from the affluent. The International Wheat Council warns that this year the wheat trade could actually be reduced simply because needy importers cannot afford to pay the prices asked. The Council report goes on to say: "It may well be that import requirements may be somewhat higher than quantities which will eventually be imported"—or to put the matter a bit more bluntly, some of the needy importers may well go without because they cannot afford the prices being asked. Or to put it in even stronger terms, a lot of people are going to starve to death if the major exporters including Canada cannot get the prices they want.

I said at the beginning of my talk that I am not an economist, and I do not pretend that my analysis of the situation in energy and wheat is more sophisticated than what we can all get from reading the daily papers. But what I do say to you is that we cannot expect much sympathy in our difficulties over energy, because to most of the world we appear to be hogging a very disproportionate part of the world's resources—and hogging them in such a completely selfish way that people are going to starve as a result.

These questions of oil and wheat are only instances of a situation which gets worse and worse—and as a result starvation, disease and the certainty of an early death are a reality which afflict hundreds of millions of people in large areas of South America, Africa and India. Large numbers are hard to make very real to an audience. It is difficult for someone to understand who has not actually held in his arms a starving child crying for food, or seen a young woman dying of a disease which a few cents worth of medicine could have prevented. It is difficult, I say, to make the reality of poverty and the degradation of disease on the enormous scale on which they exist, very real to ourselves. It was my own personal meditation on this kind of question which led me to resign as Archbishop of Montreal. I certainly had no idea that this decision of mine would have anything more than a symbolic value—I am enough of a realist to know that individuals can do very little. But this does not mean they are incapable of doing *anything*. I felt it was my calling to try to show that there are elements in our Western tradition which are concerned for more than the fast buck, elements which are really and practically concerned with the fate of the unfortunate, the halt and the lame. We all feel sometimes that we are cogs in a big machine, but the best elements in our tradition remind us that man is more than a play-thing of economic forces, and that our conduct and our decisions are not necessarily determined by greed, by lust and by hate. We are creatures who can work for good as well as for evil, and it is because I believe that most Canadians believe this that I still think it worth reminding you of the problems of the Third World.

It would have been wrong for me to have left Montreal if the Third World has no value; indeed I should have stayed in my Diocese if the problems to which I have tried to draw your attention are not real problems; truly, I made a mistake in leaving if I had thought that single-handed I would make a great difference to the African Continent. But what I have to say to you all today is, first of all, the Third World is important because it is made up of human beings like ourselves; secondly, that these human beings are up against real problems which through no fault of their own, they cannot solve by themselves; and thirdly, I have looked on my own contribution as having only a symbolic value, which I have always hoped might inspire at least some men of good will both in Canada and in Africa to work together in a rational way to help overcome unnecessary suffering and disease.

The Third World is important then, because it is made up of human beings, human beings who possess the same nature we do, people who are capable of suffering and of desiring, even as we suffer and desire, people who are condemned to a shabby, deprived and disease-ridden existence, and these are people for whom we have a moral and a religious obligation to care about. Because of the God we all believe in, because of the humanity common to us all, these people are our brothers; and part of my mission now is to try to keep that fact alive in your hearts. It is easy to forget them, so easy to say they do not matter, and if you find it uncomfortable to be reminded of them then I have done part of what I set out to do.

And these problems of the Third World are real problems. They are problems not because I say they are but because everybody who is willing to look beyond his own back yard knows they are. All the different organizations and committees of the United Nations trying to examine the situation as it really is tell us the same thing, that the gulf between the Third World and the small group of privileged nations to which Canada belongs is steadily widening. The problems are real, and I was, and I still am trying to keep this fact alive in your minds.

The people of the Third World, then, are valuable as human beings, and the problems they are up against are real problems, and it is within those given elements of the situation that you must try to see my own contribution. When I first went to Africa, I spent some time working with lepers and establishing centres for their treatment and care. With your help and support I was also able to set up a number of clinics for the treatment of other diseases. But I finally came to the conclusion that I would have to try to establish a work which could both serve an immediate need, and yet be capable of further development by the Africans themselves as they saw fit. And I have set up a Centre in Yaoundé for the treatment of children with polio.

The need this Centre is meeting is real, and is being partially met. But it is doing something more than meeting an immediate need. It is also the cell, or the foundation, of an all African Faculty of Medicine. Even as things are now, this Centre is the only serious facility of its type in five surrounding countries. But its importance is surely that it is taking root as an African project, and after the devoted labours of the Canadian doctors and nurses—who have been so generous in their services—has been finished, there will be a new generation of Africans to continue and advance their work. In this way Canada is represented to a part of the Third World not as a colonizing power, not as an industrial power greedy for natural resources, not as a political power anxious to secure client states as it pursues its power politics—no, but what I believe to be the true face of Canada has been revealed as a country which, in spite of its own difficulties and pre-occupations, has had the generosity and the concern to support one of its fellow-citizens who has tried to serve his fellow human beings in a way which respected their dignity, which took account of their real needs, and helped them to build for a better future.

And so I would ask for your continued support and generosity, knowing that in some important sense I have tried to represent those values we all cherish as Canadians. That I have tried, furthermore, to represent the great spiritual heritage of the Jewish-Christian tradition which has always tried to reconcile the needs and legitimate demands of the community with the tenacious conviction that the individual human being is supremely important—that I have tried to represent this tradition in an environment which often seems suspicious of our efforts. But I ask for your support not because of anything I have managed to do, but because it is an opportunity to reaffirm your conviction that man can build as well as destroy. Let us ignore those prophets of doom, and let us help others to help themselves, let us make our contribution to easing the often intolerable burden of so many people in lands which seem so far away and strange; but which, in reality, are on our own doorsteps in this increasingly inter-dependent world.

I have tried to make a contribution to this task, and with your help I have been able to do at least something. May I ask for your sympathy and support for the days that lie ahead. Thank you, and God bless you all.

The appreciation of the Clubs was expressed by Mr. H. N. R. Jackman.

FEBRUARY 21, 1974

Building Market Power into Canadians as Canada Grows

AN ADDRESS BY Louis O. Kelso,
ATTORNEY AND ECONOMIST, SAN FRANCISCO

CHAIRMAN The President,
Robert L. Armstrong

MR. ARMSTRONG:

Ladies and gentlemen, welcome to this meeting of The Empire Club of Canada. I shall now introduce the guests seated at the Head Table. Will each guest please rise momentarily when named and will you please refrain from recognition until the introductions are completed.

Our guest of honour will be introduced in a moment.

Ladies and gentlemen, your Head Table.

"Poverty is the legacy of Puritan financial theology." So states Louis O. Kelso, our guest of honour, and to quote a controversial and well-known columnist in this morning's *Globe and Mail,* "People don't come up out of poverty by receiving money; they come up out of poverty by earning money, by having the will to work for it."

"What will save us from poverty?" is the title of an article by Nicholas Von Hoffman in the December 1973 issue of *Esquire*. His rhetorical answer is "Heed the gospel of Louis O. Kelso". And who better to preach that gospel than an intellectually brilliant lawyer and economist who experienced poverty in his early years during the great depression. Louis Kelso studied finance and law at the University of Colorado, graduating with the degree Bachelor of Science in Finance *cum laude* and Bachelor of Laws. He was Editor-in-Chief of the *Rocky Mountain Law Review*.

Mr. Kelso made an intensive study of economics. Then the second world war came along and interrupted his career. He volunteered for active duty in the U.S. Navy, becoming an Intelligence Officer. He was able to complete his routine work in a fraction of the time allotted and in his spare time pursued his abiding interest in economics. While stationed in the Panama Canal Zone he wrote the first of his three books, *The Capitalist Manifesto*. Slightly ahead of its time by a quarter century or more, this book was published with the collaboration of philosopher Mortimer J. Adler, economist of *Encyclopedia Britannica* fame, in 1958. *The New Capalists* followed in 1961. At the end of the war Mr. Kelso moved to San Francisco and became associated with a patrician law firm which, he later concluded, was exploiting his intellectual *savoir-faire*. He established his own law firm, Louis O. Kelso Inc., which carries on a large corporation law practice. Patricia Hetter, a brilliant political economist, became a business associate of Mr. Kelso's and jointly they produced the book, *Two Factor Theory: The Economics of Reality*, in 1968. They have also written many speeches, papers and briefs too numerous to mention.

Louis Kelso, a director of several corporations, has been hammering relentlessly on the philosophy of Universal Capitalism and his persistence is bearing fruit. He has convinced the Congress of the United States to specify his approach to corporate financing in the re-organization of the bankrupt U.S. Northeast Railroads. This pioneer of broader capital ownership produced the Employee Stock Ownership Plan as the financial vehicle for reconstruction of the aforementioned railways, including the ill-fated Penn-Central.

The Propriety Fund for the Progress of Puerto Rico, which is now being implemented, is largely the idea of Mr. Kelso and Joseph Novak, a graduate of Harvard Law School now practising in San Juan.

No longer a voice crying in the wilderness, this delightful, persuasive gentleman makes his revolutionary ideas sound completely logical and uncomplicated. Rather than trespass further on his time, I am pleased to introduce and ask you to welcome Mr. Louis O. Kelso, who will speak to us on the subject: ''Building Market Power into Canadians as Canada Grows''.

Mr. Kelso.

MR. KELSO:

Mr. Armstrong, members of the Empire Club and distinguished guests. It is an enormous pleasure to be here with you today and I am delighted to have the chance to share some views with you.

In order to best communicate, I would like to ask you to try and think of what I am saying in essentially physical terms. Two factor theory asserts that to understand the economics of a free industrial society, one need only and must only divide the factors of production into two—people and non-people. And I am not speaking of people when I say non-people . . . in other words, people and things. If you will try and keep that in mind as I go along, I think you will find it quite easy to grasp.

Traditional economic theory, whether of the left or the right, is actually bottomed on the idea that there is only one factor of production, namely labour, and that the function of capital is to somehow or other, mostly mystically, amplify the productiveness of labour.

Two factor theory asserts that that is nonsense: that people and things produce goods and services in precisely the same way, the same physical way. The same economic concepts are involved, the same political concepts are involved, the same moral concepts. Don't underrate the latter either, because it means that a man can as legitimately justify carrying his weight in the economic world in which we all live through his ownership of the non-human factor of production—land, structures, machines, in some cases intangibles—as he can by rendering labour power, and that the question of whether a particular production process is carried on with more or less labour and more or less technology, machines embodying technology, is not and should not be a political question, a moral question or an economic question. It is a management question, an engineering question, a technical question, a scientific question. The same is true of the macrocosm. In other words, with the economy as a whole, the question of whether you have full employment or not should not be a political question, it should not be a moral question. It should be strictly a technical question.

Thus, when I say think in physical terms, I am really saying, think in terms of reality. Don't think in terms of models doped out by dwellers in ivory towers who don't get out and wrestle with the world of reality.

A business strategy that systematically crippled the power of its customers to buy its products, its goods and services, would be, I think you would have to acknowledge, an absurd strategy.

Now, in a free market economy, the basis for what each individual takes out of that economy is supposed to be what he puts into it. That is what is called the Puritan Ethic, although you quickly realize that the Puritan Ethic is a one-factor term, not a two-factor term. But as an ethic, it is a valid ethic. It is the Aristotelian theory of justice: the exchanging of things of equal value and under freely competitive conditions. It is also the basis for double-entry bookkeeping. The pay is supposed to be pay for production, not attendance.

Now, I would like first to comment on why Canadian business, like American business, has for decades been operated in a way that is ideally designed to destroy the customers of business, to destroy their power to buy what business produces.

The Canadian economic policy, like the economic policy of the United States—and I hope you won't be too shocked—like the economic policy of China and Russia, is based on the idea that there is only one factor of production. The Russian Constitution, for example, has a provision in it that says there is one factor of production—labour. If you don't work, you can't eat.

Full employment, solving the income distribution problem through full employment, is an economic policy in both our countries. I hope you will interpret what I am saying as applicable here, as it is in the United States, to enlarge that economic policy, to drag it, if necessary kicking and screaming, into the twentieth century, or even into the eighteenth century, and recognize that there are two things that produce goods and services—people and things—and that to insist upon full employment when the scientist, the engineer, the manager, day after day are out to destroy employment is sort of nonsense. Those are the men who know what production is all about. They are running it, they are planning it.

If I can convince you, as I hope I shall, of the soundness of just two ideas, then I think you will have to acknowledge my conclusion that business is conducted in a way that destroys its customers. If you want to really accelerate the economic growth of Canada, take over the ownership of its great industries and mines and agriculture and build market power into the people you do not have to depend on welfare and what we call in the United States "'boondoggle'' (I don't know what the Canadian term for that expression is but it means phony work subsidized by government), you don't have to rely on those atrocious freedom-destroying things to make the economy work.

The two ideas are these: one, that the nature and function of technological change, that great source of change in history, the number one source of all change, is to take the burden of production off the human factor and to put it onto the non-human factor. That is what technological change is supposed to do.

Incidentally, you probably won't find any economists who will acknowledge that because it interferes with their doctoral theses and various other things; but you can find a clear-eyed objective historian like Arnold Toynbee, and there is no confusion in his mind as to that fact.

In a piece published in the *London Observer* several years ago, Mr. Toynbee said, "The industrial revolution is a revolutionary change in the nature of the agent who does the world's work. It is a replacement of people by machinery. In Britain, where this revolution broke out first, it has been going on for two hundred years and it is continuing everywhere at an accelerating speed." How right he is.

That is idea number one.

The second idea is this: that the conventional techniques of corporate finance, irrespective of the rate of new capital formation, or the absolute magnitudes of the new capital put into place, the improved land, the new structures, the machines, the techniques of corporate finance are conducted so that the ownership of that newly-formed capital is built into a stationary or even shrinking ownership base.

Now, the soundness of the first idea, namely that technology substitutes things for people in the production process, is so self-evident that I am not even going to bother to try and prove it by argument to you unless, perhaps, someone should later question it, because it is easy enough to prove.

I would like you, to just get some idea of the magnitudes, to take a look at the top of three little charts that were put at your place. It shows that in the period between 10,000 B.C. and 2,000 A.D., the input mix into production between labour and capital (labour input representing all the shaded area above the line, and capital the shaded area below the line) have almost totally changed places. Actually, we are terribly generous on the lower end of that scale with labour. Had we said 99% in 10,000 B.C., we would have been more accurate.

Thus, the very basis for personal out-take from the economy over a period of time has radically changed from being primarily dependent on labour input to being primarily dependent on capital input.

Now, it is axiomatic that business strategy is built upon three very simple tenets and you will all recognize them. These tenets are: maximizing production and sales, minimizing costs, and staying out of trouble—or some people call it being good corporate citizens. That is where the lawyers come in.

That famous novelist who masquerades as an economist, John Kenneth Galbraith, once wrote a story about the Affluent Society. It was five per cent affluent . . . which is more sound than many of his ideas. He said that economics is a very good thing. It provides employment for economists.

Well, keeping corporations out of trouble is a very good thing. It provides employment for lawyers. By the way, I play in both games so I sort of hedge my bets, you might say.

But think about that corporate strategy for a moment. That corporate strategy in any rational terms is woefully deficient. It does not explain how the customers get the money to buy. I don't need to tell you that mass production implies mass consumption. As a matter of fact, that strategy explains why they don't get the money to buy because when you minimize costs you boot people out of jobs. There are other ways to do it but none has ever equalled that one.

So you have a corporate strategy that through admission eliminates the labour constituents of business, that is to say, the customers who need money to buy. I will show you in a moment that through conventional finance it also eliminates the other possible constituents of business, namely the stockholders who would get dividends and who would have money to buy. The result is, of course, to force government into operations of the private economy in order to take from the rich and from the middle-class and to give to the poor in order to make the system work, because it is not rational enough to work on its own terms.

When it does, it violates what I regard as perhaps the most basic law in economics. It is called Machiavelli's Law of Economics. As you know, in *The Prince* Machiavelli was advising the dictator of an Italian city state how to stay in power. Superficially, you would think that is easy, but it is not all that easy. Machiavelli thought the whole problem of economics, so far as the dictator was concerned, was such a simple one that he did not devote a chapter to it. He didn't even devote a paragraph to it. He packaged the whole thing up in one neat little sentence, a kind of "throwaway" line as the comedians call it. He said "Remember, Prince, a man will forgive you for killing his father before he will forgive you for taking his patrimony", meaning in Italian terms his capital estate.

Modern man is no different than Middle Ages man. Mr. Allende tested that out and found the answer to be still a very sound one. He started to take the trucks away from the little truck owners, the land away from the little land owners, the businesses away from the small businessmen, and those people, together with the peons who wanted to rise into that position of being a small truck owner or a small land owner or a small businessman, blew his head off.

The destruction of the property of anyone is a source of civil strife and when you see taxpayers mobilizing to resist the redistribution of wealth, you are not seeing anything but Machiavelli's Law in action and it will ever be thus. Nobody is going to change the acquisitive instinct of the human being. Marx predicated his whole philosophy of Communism on the idea that if you lived under totalitarian socialism long enough it would purge you of your acquisitive instinct. Where the hell he got the idea I will never know. It is like sending a bunch of sailors off to sea and saying if you stay out there long enough, you will lose your sex urge. It doesn't work that way.

Now, let me try and point out to you in a most graphic way why it is that conventional corporate finance faces a need to broaden the proprietary base, because the labour base is shrinking and growing less and less adequate. Again, back to physical terms. Think of technology as something that renders labour power progressively less adequate. By the way, it has nothing to do with whether you have full employment or not. If you have full employment but 90% of the input is made by capital, under the logic of our system and under the maturity of our system, most men have to own capital so that each man with his labour power *and* capital ownership can make enough input into the production mix to entitle himself to his share of the out-take.

Let me show you why conventional finance has this effect. If you will, turn to the second chart and look at a little diagram entitled Model One.

This model is intended to depict corporate finance, conventional corporate finance. The assumptions underlying both models are the same. A typical one—a corporation is engaged in business. It is successful. It believes it can sell some more of its products or some more of its services during the forthcoming period. It has done a feasibility study. Feasibility studies relate to the logic of corporate finance. The logic of corporate finance is that a corporation should invest in things that will pay for themselves, pay for themselves within a reasonable period of years. So corporate management has done a feasibility study here.

The assumption is that it finds that its new plant or tools or rolling stock, or whatever it is, will require a million dollars of financing to acquire. It has also been determined that it will pay for itself in five years. A general rule of thumb in business is three to five years. If it takes any longer than that, there is a good chance the business should invest in something else. Obviously, it takes longer in a depression than in a boom time. It takes longer in some businesses than others, but that is a rule of thumb.

Okay. One of the ways to finance this is for the corporation — as indicated in Model One — to go to a lender, the Dominion Bank or some other illustrious lending institution, maybe an insurance company, and to lay the feasibility study on the banker's desk, to explain the whole picture. The feasibility study will analyze the competition and the market and the engineering and the legal work and so forth and the banker may give you a very bad time because he too believes in feasibility and he is not easily snowed, but sooner or later, let us say, management convinces him and the loan is made.

That puts the cash in the corporation. It pays it out and buys its tools or builds its plant or whatever.

Now, Model One also represents certain other techniques of finance. The corporation can, of course, earn profits, pay its corporate income tax on those profits and accumulate them and when it gets enough, it can buy its expansion, its new tools or plant.

Under our tax laws, and I understand there are somewhat similar provisions under your tax laws, there are certain tax devices that help finance business. We have an investment credit that permits if you acquire newly-formed capital through the year to divert 7 per cent of your corporate income tax into the payment for that newly-formed capital. You can take accelerated depreciation for tax purposes. In other words, you can depreciate it faster for tax purposes than the real life depreciation. That helps finance growth and depletion in the natural resource industries and so forth.

If you add all these techniques of finance together in the U.S. economy over the last fifteen years they account for 98 per cent of total new capital formation, and from what I have been able to discern from the Canadian economy, the percentage is about the same in Canada. Roughly 98 per cent of new capital formation is financed out of cash flow or borrowings repaid out of cash flow.

Now, at the bottom of the box entitled "Corporation" are some lines representing the people who own the corporation. As a matter of law they are its owners. Those are the stockholders.

Those techniques of finance which account for the overwhelming new capital formation, decade after decade, have one thing in common: they assure that when the financing process is completed the ownership of that incremental productive power is built into a stationary ownership base. There is nothing in any one of those techniques that creates so much as one new shareholder.

In the U.S. economy, that brings into existence well over 100 billion dollars worth of new capital every year. You can see what that means in terms of building—and think in physical terms now—incremental productive power into the five per cent of families and individuals who own it all today and in the past, building that incremental productive power into people who have no unsatisfied needs and wants, and denying that incremental productive power to people who have nothing to sell but their labour power, which is being rendered less and less capable, less and less adequate by technology. A more massive case of invisible violence, of economic castration, if you will, is almost impossible to conceive.

Now, I have left out one technique of finance, namely the sale of new stock to the public for cash. Unfortunately, that does not change the picture at all. The overwhelming bulk of the tiny bit of new capital formation that is financed by the sale of stock is bought by that same five per cent, because they are the ones who have productive power to produce not only enough to satisfy their consumer needs but vastly more, enough to invest in additional productive power.

So you have 100% of finance working to maintain a stationary or shrinking proprietary base and you have technology whittling away at the adequacy of the only thing that a man is born with—his labour power to support him.

If that were all you knew about the world you could sit down and think your way through to some very alienated people, people who might kidnap the children of the rich and hold them for ransom, or newspaper editors or publishers or what have you. Or they might engage in riots or they might simply try to use the democratic process and convert the society into a totalitarian socialist one in which the government systematically redistributes the income while unifying total political power and total economic power in the hands of the ruling bureaucracy.

I would give you the wrong impression if I tried to convey to you that this is a deliberate conspiracy. It is not at all. It is just that it has not been examined by the right people, namely the people who run business, the professions, the business leaders who have the power to change it. Change in this area is not going to come out of government, or if it did you would not like it anyway, neither would I. It is within the power of business to change this situation.

At the bottom of that same page is a little diagram entitled Model Two. This happens to be fitted into the U.S. tax structure and there are a couple of rather minor changes that could be made which would enable it to be fitted into the Canadian tax structure. It is only a model of financial design that represents a whole host of potential models built around the two factor theory, namely, the theory that society, the government, the financial institutions should think in double-entry bookkeeping terms. If you want mass consumption to support your mass production, and you want to have it without inflation, you have to build market power into your people and you have to make it possible to finance growth as rapidly as you can grow.

Let us see what happens in Model Two. Model Two is simply harnessing the logic of corporate finance, the recognition that in well-managed businesses new capital formation is expected to pay for itself. If that is the way it works, and with very minor errors that is the way it works, then it is merely a case of legal and financial design as to who receives the benefit of credit to enable him or her to buy that capital, to pay for it out of what it produces, and after that to own it and husband it and take care of it and receive the income that it produces.

The courts are now beginning to realize that a number of very easy, almost imperceptible changes could be adapted to greatly amplify the usefulness of these tools. In Model Two a tax shelter trust, called a stock bonus trust, is plugged into the financial structure of the corporation, welded right into the financial structure. It bears some resemblance to a profit-sharing trust, or a pension trust, but it is not used in the same way that a pension trust or a profit-sharing trust is used. They are used as kind of glorified piggy banks. The corporation channels funds into them. Then people with investment discretion dash out into the market place and buy recycled, second-hand securities that are churning around back and forth. You don't have to be a financial genius to know that that won't finance your growth. It will finance some people's growth but it won't finance the growth of real business, that is the production of useful goods and services.

Instead of using this as a giant piggy bank, we use it simply as a converter device designed to give access to the employee, the man you want to motivate, to work with capital to get a high output at a low cost.

The loan financing is arranged into the trust. The people with investment discretion buy stock in the corporation at its current market value. If it doesn't have a market at the current appraised value, then we determine one that our Treasury in the U.S. will accept as a reasonable value, and there is plenty of expertise to do that.

A trust gives back its note to the lender. That puts the cash in the corporation which buys its tools and the corporation makes a guarantee to the lender that periodically as the amortization on the debt falls due the corporation will make a payment into the trust to enable the trust to pay it off.

Now, under U.S. law, and I think under your law too, those payments are deductible for corporation income tax purposes, so you get to the pre-tax dollar.

I believe the main impediment under your legal system is that your trust can only own a very limited amount of stock in the sponsor corporation. I think that is something that should be changed.

The end result has nothing to do with diversification. You can use this to finance the corporation forever prior to distributing the portfolio. At the time when a man retires or leaves the company, you can swap blocks of that stock for a diversified portfolio if that is what he wants. In other words, there is no diversification problem.

Let me compare the two very quickly. In case one, you are building incremental productive power into a stationary base and you are denying market power to the masses with the unsatisfied needs and wants. In case two, you are building additional incomes and economic self-sufficiency over a reasonable working lifetime into the working man, the guy who today, when he finishes his working lifetime takes his social security and his private pension, if he has any, and drops to a poverty-level income. That is not the American economic dream and I am pretty doggone sure it is not the Canadian economic dream, either.

Let me compare it from the standpoint of the logic of corporate finance. Looked at from the stockholder's standpoint, Model One gives the stockholder access to non-recourse credit—the purpose of the corporation is to cut off personal liability—which he can use or which the corporation uses for him to buy incremental productive power to put behind his stock.

Model Two does exactly the same thing for employees. Through their trust, they have access to non-recourse credit, which is used to buy newly-issued stock which is used to buy incremental productive power, with a promise—this is the guarantee by the corporation—with a promise to make a high pay-out of the wages of capital, like the wages of labour, in pre-tax dollars so that the employees can pay for their stock out of what the underlying capital produces.

When it has paid for itself, then we like to design these trusts so that any dividends paid on it go right through the trust into the employee's pocket.

Now you have put management in a position where it can raise employee incomes without raising costs. Think about that for a moment. You have also put the employees in a position where, not overnight, but down the road a few years if they demand more and more pay for less and less work they are destroying the value of their own capital investment and I submit that in that way, and in no other way, you can make the labour force make sense. It is perfectly clear to British railway workers and British coal mine workers in their nationalized industries that if they push a little further, they will sink the whole economy into the sea, but they giggle and say, "What the hell's the difference? We don't own any of it."

There is a Middle Eastern story about a peasant who asked a Wise Man, "What is the best manure to make my crops grow?" And the Wise Man said, "The eye of the owner." The object of this game is to give every workman the eye of the owner and I think that that is the way to begin to build incremental productive power into your masses so you have market power where you want to produce goods and services.

Now, because my time is short, let me quickly turn to the last chart because it says quite a bit and I hope that you will take it home and study it and think about it.

This is a variation of Model Two. It is simply the schematic of how the concept can be applied to the Canadian economy. Here you have a corporation—it can be anything. You have an employee trust, you have a lender, which can be anything. I have added two additional things that tell you something about its significance for the national economy. First, I have added a device called a Capital Diffusion Insurance Corporation. That is the equivalent of your Home Loan Insurance Corporation. What it does is insure a bank or an insurance company that makes a loan conforming to certain rules, and makes it easier to get housing finance. What this does is insure the bank so that the risk of feasibility error, which is very small and easily insurable, is spread literally over the whole society.

Second, I have plugged in one additional thing, your central bank, to show you how you can totally free yourself from dependence on foreign capital and how after a few years, you can shrink foreign ownership to virtually nothing.

We have plugged in your central bank because it has that most charming of all devices, a printing press that prints money legally. A perfectly lovely machine. Aladdin never thought of that!

Now, your first inclination may be to say, "My God, that is funny money all over again!" It is not funny money. I will tell you where the funny money is. The funny money is used for government to go into debt to subsidize consumption . . . attacking, attacking, attacking the effects of poverty and leaving untouched the cause of poverty which is the low productiveness of the human being who does not own capital. That is where your funny money is. Funny money is welfare. Funny money is boondoggle. Funny money is government debt. Funny money is used to subsidize someone, instead of building up the productive power of every individual so he can pay cash for what he wants.

You really don't do any great favour to anyone by showing him how to buy an over-priced house by paying for three houses. That may be the only thing available to him but, believe me, it does not solve the problems of the economy and it does not solve the problems of the individual either. That interest cost is sandbagging his purchasing power forever.

Let me tell you what this new idea involves. It involves the Central Bank monetizing tools, or plant, or whatever is required, under conditions where corporate managements vouch for the fact that the new capital will pay for itself, and where bankers, lenders, and insurance companies looking over corporate management's shoulder are agreeing that it will pay for itself. Finally, an insurance arrangement so that in the rare case where there is a miss, there is no damage.

Thus, each year as the newly formed capital pays for itself, the credit is reversed back to the Central Bank and in five or six years in most cases, the credit is totally reversed.

But what about the tools? Do they go bye-bye in the sky? No. The tools are about as close to immortal as anything that you can conceive of because the technique of the wise accountants who supervise corporate accounting sets aside enough out of the stream of gross income as depreciation to restore the productiveness of those tools, so that the tools go on pushing goods and services into the society years after the credit is reversed.

This gives you a deflationary monetary system, a system of unlimited convenience, a system in which your growth rate is limited only by physical factors and not by institutional errors as it is today. Finally, a system that builds market power into the people that you want to have market power. It does not make sense to make it easier for a John Paul Getty with two billion dollars of capital to get a third billion than it is for the average Canadian in a total working lifetime of self-deprivation to accumulate enough capital to give him $500.00 a year. Nothing could be more absurd.

The message I would like to leave with you is that these problems are as easy to solve as rolling off a log. They require very slight change. They involve using the genius of your institutions to the maximum. I hope you will give it some thought. Thank you.

The appreciation of the Club was expressed by Lieutenant-Colonel Peter W. Hunter.

FEBRUARY 28, 1974

Quebec is Alive and Well in Canada

AN ADDRESS BY The Honourable Guy Saint-Pierre,
MINISTER OF INDUSTRY AND COMMERCE,
PROVINCE OF QUEBEC

CHAIRMAN The President,
Robert L. Armstrong

MR. ARMSTRONG:

Distinguished head table guests, ladies and gentlemen: ''Where in the world is Quebec?'' is the eye-catching headline across the centrefold of ''Perspective on Quebec'', a comprehensive supplement to the November 19, 1973 issue of *The Financial Times of Canada*. This centrefold is very attractive (as, I am told, most centrefolds are) and it carries a message from Quebec's Department of Industry and Commerce that Quebec is in Boston, Brussels, Chicago, Dallas, Düsseldorf, London, Los Angeles, Milan, Montreal, New York, Paris, Quebec City and Tokyo and we are privileged to have as our guest of honour today the Minister in charge of that department, the Honourable Guy Saint-Pierre.

As evidence of his enthusiasm for the industrial potential of his province, he leads a large delegation of Quebecers to Japan this evening. Rumour has it that he has been diligently studying the Japanese language.

It has been my practice in introduction of our guests from La Belle Province, whose mother tongue is French, to attempt to communicate in our other official language, with varying degrees of success, as comments would indicate. When introducing Doctor Gustave Gingras, who had just returned from leading a medical delegation to China, he complimented me on my

French by saying that I spoke it just as well as he did Chinese. A further subtle comment on that occasion from one of our members was that my French was as good as that of the Right Honourable Mr. Diefenbaker. I believe I get the message and shall restrain my enthusiasm on this occasion.

Mr. Saint-Pierre is the son of an American mother and a Canadian father. His maternal grandmother was a Scot. He was educated at Victoriaville College and in 1957 he received his degree of Bachelor of Applied Science in Civil Engineering from Laval University. He was awarded an Athlone fellowship which enabled him to attend the Imperial College of Science and Technology in London for post-graduate studies and in 1959 he received his Masters Degree in Engineering from the University of London.

Mr. Saint-Pierre held a commission in the Corps of Royal Canadian Engineers from 1953 to 1964. In 1964 he became Registrar of the Corporation of Engineers of Quebec and in 1967 joined Acres Quebec Limited. There he participated in the gigantic Churchill Falls Hydro-Electric project in the Labrador.

Mr. Saint-Pierre advanced rapidly to become Vice-President of Acres Quebec and could see that his progress to the Presidency was somewhat impeded by the presence of an incumbent who had no immediate plans to vacate the office.

Our guest of honour resigned from Acres in the most amicable of circumstances in 1970 and became an instant politician. He confided to me that had he been two minutes later in arriving at the airport prior to his nomination he would have missed his plane and his nomination as a Provincial Liberal Candidate in the constituency of Verchères. He was elected Member of the National Assembly in April 1970 and in May of that year appointed Minister of Education. In 1972 he was appointed to his present portfolio.

He has found the political scene challenging and exciting and even with all his vitality and energy confesses that political life in Quebec is not entirely a bed of fleur-de-lis.

Ladies and gentlemen, I am proud to present and I ask you to welcome, the Honourable Guy Saint-Pierre, Minister of Industry and Commerce for the Province of Quebec who will address us on the subject: ‘’’Quebec is Alive and Well in Canada’’.

Monsieur Saint-Pierre.

MR. SAINT-PIERRE:

Mr. Chairman, distinguished guests, ladies and gentlemen: In accepting the kind invitation of The Empire Club to address this distinguished audience today, I am happily reminded of my visit to Toronto, in April of last year. At that time, I was able to report on the economic achievements and objectives of Quebec emerging from the emphasis that was —and of course, still is—being given to industrial development by our Government.

Nearly a year later, I return through the generosity of your interest to update my report to you—not only because it reflects a substantial progress in Quebec, and therefore for Canada—but because I firmly believe that open dialogue and an exchange of information between the provinces contributes to better understanding and co-operation which are essential to our mutual growth and benefit.

Incidentally, I very much hope that the excursions by Quebec spokesmen into other parts of Canada might be duplicated by their opposite numbers’ more frequent appearances in my province, thus bringing to Quebecers, in a personal way, similar insights into the priorities and accomplishments of their sister provinces.

Approaching my task today, I found there was no better path to follow than to speak with sincerity about my personal experience, my personal involvement in the recent past, the present and, hopefully, the events of the near future in my province, and in our country.

I speak as a Quebecer and a French-Canadian with a diversified background of personal experience.

I was born in rural Quebec. As my name suggests, my father was a French-Canadian. However my mother was American-born and one of my grandmothers was a Scot. I studied engineering both at Laval University and at the University of London in England. As well as in Quebec, I have resided in the Maritimes and the West and, before entering politics in 1970, I was associated with a leading Canadian consulting firm which has grown over the years essentially in the Niagara Peninsula, but with corporate headquarters in Toronto.

In 1970, I entered politics with Mr. Bourassa, because I was deeply concerned with the future of my province and also because I felt that more businessmen, engineers and scientists should be involved in government affairs.

I accepted the education portfolio twelve days after the April, 1970 election, not only because an easy task has never been my preferred "piece of cake", but because I felt education was at the crossroads of so many stresses in Quebec society, such as those between urban metropolis and rural regions, between French and English populations, between a Catholic system and a Protestant system, and between the aspirations of young people and the assessment of the experience of life by an older generation.

Today, as Minister of Industry and Commerce and Chairman of the Economic Group within the Cabinet, I have been given the task by the Prime Minister of assuring the industrial progress and growth of Quebec.

Not having reached the age of 40 yet, I am thankful that circumstances have provided me such diversified experiences. This must be an asset for it forces oneself to abandon parochial attitudes, to re-assess constantly the value of established landmarks in our intellectual life and to benefit from the results of experiences derived in different cultural and economic surroundings.

I recognize that, in politics, diverse experience such as this can be a liability. We tend to be pulled uncomfortably by the opposing forces of global involvement and understanding on the one side and the demand for personal definition and identity on the other.

However, the net effect is unquestionably positive. Blinkered, simplistic, narrow interpretation of issues into black and white, good or bad classifications is rare, if not eliminated. In political terms, we evolve in (preferably elegant) shades of grey better adapted to the real needs of the population.

This means, in the words of Ottawa Correspondent W.A. Wilson, that we must avoid the notion that "Politics" with a capital "P" imply "conflict, competition and ultimate triumph . . . by the most powerful". It is rather appalling, therefore, that the Secretary of State of Canada, Mr. Faulkner, should declare that "The national interest must prevail over purely regional or local interests".

Surely, the Canadian opportunity and solution lies—and I quote Mr. Wilson again—" . . . in a meeting of the minds and a melding of interests so that, in the end, it will not be a case of one interest prevailing, but of different interests meshing".

This is my own conviction as well and I speak to you today as a moderate Quebecer and positive Canadian who seeks continually to reinforce his faith in Federalism in order to do a better job of convincing others.

I would like to comment on several aspects of the current Quebec economic picture under four headings:

1. The achievements in Quebec in 1973 and their significance;
2. The areas related to Quebec's industrial economy that require further improvement and our priorities in dealing with them;
3. An assessment of Canada's unique economic potential and the factors that could enhance or diminish it;
4. A summary of the contribution Quebec can and is making to assure economic progress for all Canadians.

The economic year of 1973 was the best Quebec has had in a quarter of a century. There are many specific facts and figures to substantiate this claim.

Quebec's gross national product in 1973 reached $28.5 billions, an increase of 13.5% over 1972. This, in real terms, means an annual growth of the GNP of 7.5%. This percentage can be compared advantageously to a real GNP growth of 7% for Canada as a whole, 6% for the USA, 5.5% for West Germany and 4.7% for Great Britain. As I have said before, this is an enviable record for any province.

130,000 new jobs were created representing an increase of 5.8% of the employed labour force during 1973. For Canada, the corresponding increase was somewhat smaller at 5.1%. About 50,000 new jobs were created in the manufacturing sector and this is particularly reassuring since the Quebec economy during the five-year period of 1966 to 1971 showed no net employment gain in manufacturing at all.

Investment in the manufacturing sector continued a strong trend which began in 1970 with a progressive annual growth rate of 28.3% in 1973. This was the third year in a row in which investment in the manufacturing sector increased substantially more in Quebec than in the rest of the country.

During the period 1966 to 1970 the Quebec average annual growth rate in manufacturing investment was only 2.3% and this was substantially less than the national level, whereas since 1970, the Quebec average annual growth rate has been 10.4% and this latter figure is well above the national rate.

As a result of this high level of economic activity, for the first time in seven years, we experienced a reduction in our unemployment rate. In 1973, it stood at 7.3% which was one full percentage point below the 1972 level.

In their year-end reviews, *all* financial commentators have shared our enthusiasm for the economic future of Quebec, deriving from the achievements of 1973.

The Quebec unemployment rate of 7.3% is still above national rate. And this is not good enough. Since 1961, the *average* unemployment rate in Quebec has been 34% above the Canadian figure. But there are deeper problems still.

Quebec's industrial profile shows too great a concentration in the traditional sectors such as textiles, footwear, forestry products and clothing. These sectors traditionally have a low-growth pattern, and below-average wages and productivity level. Quebec needs more technological industries with high export potential and high productivity level. As an illustration, only 16% of the total added value of Quebec manufacturing content comes from industries with *both* a growth rate and a productivity level *above* the national average. In the case of the Province of Ontario, this figure is 30%.

The current level of research and development activities in Quebec is not satisfactory. I can count on my fingers the number of R & D laboratories in private industries in Quebec.

At the federal level, the problems are even more severe. In 1972, less than 5% of all federal scientists and research personnel were located in the Province of Quebec.

Despite comments from Federal Cabinet Ministers to the effect that a more balanced distribution of personnel would be achieved, recent statistical information contradicts this. There has been in fact a further deterioration.

I am also concerned by the prevailing attitude among some English-speaking businessmen vis-à-vis Quebec. Two years ago, an in-depth study of businessmen's attitudes towards Quebec showed that the province was seen in a more favourable light by *American* investors than by some leaders of the Ontario industrial community. I reject the explanation that foreigners were not in a position to correctly assess the real situation in Quebec, since 78% of management staff located in Quebec were prepared to consider our province for future expansion plans. Confidence in my province by the private sector has improved in recent years. Nevertheless, I must assure you that it is an unsettling feeling to find that other countries value us more highly than do some of our Canadian neighbours.

The slow rise of French Canadians to senior management responsibility in corporations operating in Quebec continues to be a matter of deep concern. Current company profiles of the representation of French Canadians among boards of directors, management groups or even top production personnel are in most cases clearly abnormal, given that 80% of the population of Quebec is French-speaking. This obvious disparity is both a very valid reason for frustration and clear indication of the urgency to implement corrective action. I realize that it is a matter of *dual* culpability.

We have made some progress but we are still falling miserably short of even our minimum objectives. We do not believe that Government legislation would produce any long-term worthwhile result. If we are to see more French Canadians assuming managerial responsibilities within large corporations, the responsibility rests squarely on the shoulders of the top business decision makers.

Would many of you not agree with me that more can be done by private corporations to integrate with the institutions of French Canada? It means more than simply appointing a Vice-President in charge of Public Relations or Personnel. I cannot accept the argument that competent young French Canadian managerial material cannot be found. They are there. It might mean extra effort on your part to seek them out and convince them that they will have equal opportunities. In the long run, these extra efforts will yield interesting dividends, particularly so today, when very few Canadian companies can afford the luxury of isolating themselves in an exclusive Anglo-Saxon milieu. More and more, if Canadian executives wish to penetrate European and Asian markets, they will have to display a much greater measure of flexibility in order to operate successfully in multi-cultural business environments.

I am also preoccupied that, in many instances, we are caught up in the vicious circle of vertical integration. We do not have an integrated steel-industry because we do not have enough production in steel fabricating sectors, yet we are having a hard time attracting steel-fabricating industries because the province must rely on outside sources for steel. We cannot extend our limited natural gas distribution network beyond the Montreal area because we do not have sufficient industrial demand. Yet we have difficulty, at times, in attracting industries outside of the Montreal area because these regions do not have natural gas. The Quebec Government is applying itself to breaking these self-perpetuating circles that frustrate our industrial growth.

By means of important new initiatives in the field of education, we should be in a better position to stimulate potential entrepreneurs. Many efforts have been applied to augment the quantity and quality of the graduates of our business, engineering and science faculties.

Yet one wonders if our educational system does not tend to produce post-industrial under-graduates, while Quebec is still, in great part, in the initial stages of industrial development. We are confronted by too many experts who are only preoccupied with the *distribution* of wealth when the true need is still to a large extent for the *creation* of wealth.

Therefore, in the industrial and commercial fields, the Government of Quebec will seek to attain the following four objectives in coming years:

1. A growth rate, displayed by key economic indicators such as gross national product, total investment and net job creation, that will at least, match the performance of the Canadian economy as a whole;
2. A greater presence and interest on the part of French Canadians in the economic life of Quebec, particularly by providing special programs for small and medium-sized companies;
3. An open attitude towards foreign investments so long as they achieve a high degree of integration with Quebec organizations, academic institutions and individuals;
4. Finally, a greater portion of industrial production in sectors which are experiencing above-average growth rates and productivity levels.

There has been a great deal of talk about the language question. Our Prime Minister, Mr. Bourassa, recently indicated that legislation will be forthcoming in this complex field. Its purpose will certainly *not* be to eliminate the English language from all of the boardrooms of Quebec-based corporations. The problem is *not* there. It will however endeavour to ensure the survival of the French culture in North America and the viability of the French reality as it occurs *today* in Canada. It will also endeavour to establish the creation of a proper social environment to ensure the optimum development of French-Canadian individuals in *all walks* of life. And this is only a reasonable thing. The timing for this legislation is appropriate. The record of the Bourassa government has long since closed any credibility gap that might have existed. The solid support given to the government in the last general election provided another reason to ensure the continuation of the fair-play posture that has characterized these last four years.

Both the business community and the general public can be assured that the Quebec government is not moving in this complex field of language legislation without a thorough and lengthy study from all points of view. We are not dominated by ideological considerations or theoretical factors. We will be dealing in a pragmatic way with this real problem. We will not fight to preserve the status quo, but in our eagerness to implement changes, we will try to see the differences between those things that can be changed and those things that cannot be changed. Even in this year of 1974, there are many anomalies that hamper the progress of the use of the French language and these must gradually be removed. But there are other things that cannot be changed. One of these is that Quebec is not an island but exists in the very heart of the American continent.

Events of the last few months have increased my faith and my enthusiasm for Canada's future. Canada is more than ever a good place to live. Is there any country that offers more freedom and more challenge? If Diogenes came here with his lantern, would he be able to find ten Canadians that are really prepared to emigrate permanently to the United States, to England, to Italy, to Japan, to Latin America? I doubt it. As you say in Ontario "Is there any other place you would rather be?"

How many of us upon returning from a trip abroad, have not felt that this is a marvellous country viewed from the outside. We now should also appreciate it by looking at it from the inside.

The economies of industrialized nations in recent years have been profoundly affected by world events. The monetary crisis of 1971, the inflation of 1972, and the crisis of energy and even more inflation in 1973. Yet, despite all the shortcomings of the Canadian political system, I am convinced the average Canadian has been the least affected by these successive global-scale upsets.

The Canadian dollar behaved very well in recent years and the difficulties of the U.S. dollar did not disturb the growth rate of our export trade. Although inflation hit us all severely in 1973, it is nevertheless true that, taken over the last five years, Canada has achieved the lowest rate of inflationary increase among the OECD nations. As to the energy crisis, the Canadian consumer has been in a unique or preferred position when compared to American, European, Japanese or third-world consumers . . . alone among the non-Communist developed nations, Canada produces all of its net energy requirements.

Which international influences are most likely to affect the world economies in the coming decade? Some experts talk of an acute food shortage, others raise the spectre of macroscopic pollution problems. Still others single out grave deficiences in the supply of raw materials.

What else—perhaps a shortage of fresh water supply? In dealing with all these potential crises, Canada, as a whole, appears to have more trumps in her hand than any other country.

Canada is not a great place just because we have oil reserves in Alberta, or because of the great wheat belt of the Prairies, the immense mineral resources of the Canadian shield, the hydroelectric capacity of Quebec and B.C., the forest resources of the East and the West, the untapped potential of the Arctic and the ocean floor, the numerous accesses to world markets from the Atlantic and Pacific ports or its proximity to rich U.S. markets.

No, Canada is a great place because of all these and numerous other factors as well. But to preserve the benefits offered by such a unique combination of advantageous factors, all Canadians must be prepared to pay a certain price.

If not, the whole country might shatter and disintegrate in a

Balkanisation process. For instance, in the current crisis, what price must we pay to Alberta? A most difficult question to answer. Upon comparing the unequal development of industrial growth between Ontario and the Prairies (27.3% of Ontario labour force employed in the manufacturing industry versus to only 9.8% of the Prairies), I tend to be sympathetic to the attempts of Premier Lougheed of Alberta to use the current oil problem to obtain for his province a greater degree of industrialization. But before accepting at face value his arguments of provincial jurisdiction over natural resources, it might be well to recall that the development of western oil in the last twenty years was largely due to a Federal intervention in the early 1960's. The Borden Line established in Ontario a captive home market which was forced to buy at a more expensive price than the existing international price. To a large extent also, exploration costs to discover new reserves in the West and the Arctic were supported by generous depletion allowances provided by Federal fiscal policies. Since Quebec and Ontario represent two-thirds of the Canadian population, could it not be implied that, central Canada taxpayers and consumers have paid *at least* two-thirds of all exploration costs to develop the oil resources in Alberta.

In the energy field, the Government of Quebec remains confident that a single-price system for petroleum will be in effect across Canada at the beginning of April as agreed at the last Federal-Provincial Energy Conference.

I am convinced that workable mechanisms are available to implement this critical concept of a one-price structure for oil across Canada. Current discussions or disagreements centre on other issues, particularly the mechanisms for calculating the price and for the sharing of the windfall revenues from Canadian oil deriving from conditions on the international market.

If, to keep the country together, we must all be prepared to pay a certain price, we should also ensure that no Canadian is asked to pay an exaggerated price to live in this country. What is too expensive or exaggerated?

It is difficult to assess because we are dealing here with a very subjective concept. We can raise many questions and let anyone attempt to come up with appropriate answers.

Are the Maritime fishermen, whose average income is about one-fifth that of the Hamilton steel workers, paying too high a price? When the people of New Brunswick or Saskatchewan, after many sacrifices to educate their youth, see most of them forced to move to central Canada to find employment, are they paying too high a price? When French Canadians appear to be so minimally present in senior posts in private industry and federal institutions, is it too high a price?

I would be inclined to answer, yes. Quebec has hitch-hiked towards Canada for many years. Now, we have our own car. But as do young people who hitch-hike often in wind and rain or under a burning sun, the day we get a car we naturally feel like taking along those who still stand on the side of the road.

In Canadian politics, they may be called Westerners or Easterners, but they pay a big price in elbow grease trying to reach a hypothetical state of well-being within Canada.

For some of them, Canada represents a Mecca that implies equality of rights and equal opportunity in terms of personal income and social services.

But if some components of their "ideal Canada" seem too remote for them to reach, one must not be surprised to discern a tendency to go and deposit their offerings and faith at the feet of a new divinity, whether it is at Ste. Anne de Beaupré or Washington.

It seems appropriate, then, in order to assure a balanced and equitable development between and within the diversified but collectively potent regions that compose Canada, that governments have a challenging, innovative role to perform. The whole should be better than the parts by themselves. Thus, governments in the provinces must lead the way to durable solutions that fulfill the legitimate aspirations of their own people and also reduce inequity relative to other parts of Canada.

As we become increasingly aware or conscious of the cost that we and our sister provinces are paying to be part of Canada, we as government must take suitable initiatives that can correct such deficiencies, not only in our self-interest, but in the interest of the whole.

If, for example, we can enhance the participation and experience opportunities for French Canadians in major business undertakings, we will not only reduce a major frustration for many Quebecers but we will develop a managerial group with distinctly Canadian characteristics which can reinforce our national identity in a business environment that is increasingly multinational.

''Consciousness'', then—of our own problems and challenges as well as those of our sister provinces—is the name of the game. It provides purpose and direction to our efforts to overcome regional weaknesses and build national strength.

Ontario, perhaps, has achieved this quality sooner but today's Quebec has reached a point where it can aspire to the same kind of development because it has also developed a ''consciousness'' of the economic realities affecting us. We want to participate in the economic mainstream of Canada and the world as a full partner and we are actively developing the physical, financial and human resources to do so.

For Quebec in the mid-seventies, even if we prefer statistics that smile upon us as they did in 1973, a year of slower growth or recession cannot mean defeat or discouragement; nor do the present weaknesses of our economic structure mean perpetual stagnation. We are aggressively seeking solutions.

Quebec, in a sense, has in hand the keys to development by initiating opportunity over a wide spectrum. Next week, for example, I will lead a mission of two hundred and fifty business leaders to Japan to participate in a Quebec investment symposium. This is the largest undertaking of its kind ever to visit Japan.

Quebec is recognizing its potential and is mobilizing the essential factors to achieve its industrial transformation. This is not to suggest that we will explode with a ''boom'' like a magical, economic, jack-in-the-box. But a trend is well under way and we believe Quebec can fulfill an increasingly worthwhile partnership role with the other provinces.

Even now, Quebec markets have provided an outlet for as much as 25% of Ontario's manufactured goods.

Conversely, Ontario is a key market for Quebec's products. We complement each other in this and other ways and this inter-relationship can only improve to our mutual advantage as Quebec progresses industrially and commercially. Thus, we have established an office in Toronto, under the direction of Mr. Tom Moorse, to assist in making Quebec better known in Ontario and to provide information conveniently to those seeking opportunity in my province; the response has already proven the value of this initiative and is making an important contribution to better understanding at the business level.

We hope too that Quebec can serve as a valuable link in the Canadian economic network with the eastern provinces where perhaps their needs and desires have not yet been adequately heard or understood.

Quebec will continue to try to develop "consciousness" throughout Canada as a factor that will help us progress together as a strong national entity, each doing its dynamic part to fulfill its potential and assist its partners to share the results at a price that is not too high to pay.

To ensure that this enterprise develops into a fruitful dialogue, I reiterate my invitation to any of you who would like to come to Quebec with information about Ontario and speak to us. We will, of course, try to offer a platform as fine as that with which you have provided me today, and for which I am grateful.

It is not only in our mutual interest between two long-standing neighbours, but in the interest of all of Canada, that Quebec has truly come alive again . . . and is well!

Taking a leaf from the popular book of the day on psychology, "We're O.K. . . . you're O.K."

The appreciation of the meeting was expressed by Major Charles C. Hoffman.

MARCH 7, 1974

Law Reform in a Changing Society

AN ADDRESS BY H. Allan Leal, Q.C., LL.M., LL.D.,
CHAIRMAN, ONTARIO LAW REFORM COMMISSION

CHAIRMAN The President,
Robert L. Armstrong

MR. ARMSTRONG:

My Lord Justice, distinguished head table guests, ladies and gentlemen: Our guest speaker today is a Director of The Empire Club of Canada, who but for the heavy demands of his office as Chairman of the Ontario Law Reform Commission could well have been President of our club before now. He has held the offices of First and Second Vice-President. We look forward to the year when Allan Leal will be in a position to assume the office of President.

Mr. Leal was born in Beloeil, Quebec and raised in Tweed, Ontario where he attended Public and High Schools. He later attended McMaster University, graduating with the degree of Bachelor of Arts. His entry to McMaster was by way of an Ontario Hockey Association scholarship and I am informed that Buck Leal, as he was familiarly known in sport circles, was not only a very good hockey player, but was later on a first-class coach. As a player he was recognized for his ability to shoot and pass the puck with great accuracy but he has never been known to pass the buck.

In 1939 he won both the A.G. Alexander scholarship for study and travel abroad and the Governor General's Medal. In 1940 he was selected as one of the two Rhodes Scholars from Ontario.

After serving with the Royal Canadian Artillery from which regiment he retired with the rank of Captain, he attended Osgoode Hall Law School, graduating in 1948, the year he was called to the Bar of Ontario. He practised law for only two years when the Halls of Academe beckoned him back and he served as Lecturer, Osgood Hall Law School 1950-56, Vice-Dean and Professor 1956-58 and Dean and Professor 1958-66. In 1964 Allan Leal became a member of the Ontario Law Reform Commission and its Chairman in 1966, a position which he still holds.

The Ontario Law Reform Commission was created by statute under the sponsorship of the Honourable John P. Robarts, another Director of our Club who at the time was Prime Minister of Ontario, and with the guidance and blessing of the then Attorney-General, the Honourable Arthur Wishart. The Honourable J.C. McRuer was the first Chairman of the Commission and after two years he became Vice-Chairman and Mr. Leal, Chairman. The Commission consists of five members and is the first of its kind in the British Commonwealth.

I shall not attempt to enumerate the many professional activities and accomplishments of our guest of honour, except to say that he has chaired many committees, served on various councils and has written several legal articles. He serves on the Board of Governors of McMaster University.

A valued member of our head table committee informs me that the name, ''Leal'', means legal, loyal, and honest and so it was foreordained that our speaker would follow his chosen profession. We know he exemplifies the other characteristics.

It is with much pleasure that I introduce to this audience, H. Allan Leal, Q.C., LL.M., LL.D., Chairman, Ontario Law Reform Commission, who will address us on the subject: ''Law Reform in a Changing Society''

Mr. Leal.

MR. LEAL:

Mr. Chairman, ladies and gentlemen: Today I wish to exchange a few thoughts with you on the need and nature of law reform in a changing society. We did not require Alvin Tofler's book *Future Shock* to remind us that perhaps the one constant factor in our society is that it is subject to continuous change. The new dimension of change that Tofler brings home to us is not the *fact* of change but rather its *rate*. Ever since the end of World War II and, I believe, largely because of that cataclysm the world, as we know it, has been caught in the vortex of ever accelerating and relentless change. These forces have buffeted and bruised our social, economic and legal institutions and fostered a climate of intense analysis and confrontation concerning the fundamental underpinnings of our social order. What must be done to maintain personal freedom while at the same time preserving public order is the major concern of our time. We need not, and perhaps should not, look beyond the geographic boundaries of our own country for evidence of the unhappy and sobering results of the current social revolution. But I admit to being shocked by the recent disclosure of the data concerning the mounting crime wave in the city of Detroit, an urban area close, perchance too close, to our borders, having a population of about one and a half millions, almost equally divided between black and white, where the number of murders exceeds 750 a year, more than two each day. The comparable figure for Metro Toronto is 40. And in Detroit the law enforcement officers estimate there are over two million guns for one and one-half million people. I am not so much concerned today to deal with the apparent breakdown of the criminal law processes and the inability of the imposition of the criminal sanction to control violence that appears to be running wild, as I am with the matrix and the root causes in which resort to violence is bred—lack of economic opportunity in an advanced democracy, sordid squalor and grinding poverty in the midst of plenty in an affluent society. Crimes of violence are but the symptoms. The disease is the sum total of the components of the society that bred them, a society that has prided itself since its very inception on the rule of law.

It is on the theme of freedom, order and the repudiation of revolution in this country and in this province that I wish to speak. I begin with a declaration of faith, one that I trust is shared with you, and it is simply that I have faith in the abilities of the human mind and spirit in the progression and possibility of events to meet and resolve the issues that lie before us—some observed and their dimensions known, but others still to manifest themselves. I begin in this vein because on occasion human affairs deteriorate to such a degree that there seems little about which to be sanguine.

I was born during World War I, served in World War II and, like all of you here, have lived in apprehension through the major "shoot-outs" in Korea, Viet Nam, and the Middle East lest they in their turn trigger a third, and last, world holocaust. All these disasters in human ordering have revealed undercurrents of madness, savagery and horror which tempt one to believe that unreason rather than reason is the dominant element in human affairs. We may even be justified in asking ourselves whether mankind has not become fundamentally ungovernable. I am not persuaded of that, however, but, on the contrary, I am convinced that passing generations, in the western world at least, have witnessed a steady continuum of advance to the better life. I believe simply, but basically and steadfastly, in the sanctity of the human body and the integrity of the human spirit with the right of both to grow and flourish in relative freedom. But because freedom is relative and not an absolute, there are choices to be made and it is with respect to some of these choices that I wish to speak. The fact that there exists any range of choice at all reinforces my belief that in a very real sense man remains master of his fate. This is the hope as well as the challenge in whatever lies ahead. The challenge is relevant to all men, but it has particular significance for the lawyer and those involved in the government of human relations.

Having suggested that something more than pride of profession has prompted this choice of subject matter, permit me to assert my main thesis, which, simply stated, is that credible laws, credibly administered, are the means by which man's relations with his fellow man are ordered and contained in a manner which enables us to live in a free, abundant, orderly and civilized society. The adequacy of our laws is a most critical factor because their adequacy is essentially what provides for an acceptable synthesis of freedom and order. This synthesis in any civilized society worthy of the name, is always in delicate balance and its achievement and maintenance is a perennially and notoriously difficult task.

There are those today, as in former times in other countries, who ascribe to the concept of freedom a higher value in the scheme of things than they do to order. This is their justification for resorting to violence and action in the streets to achieve both the nature and rate of change in our laws and institutions which they regard as being necessary for the fulfilment of their own desires and best interests. There surely must be limits on the demands which one can assert in the doing of one's thing without let or hindrance of the private feelings of others or public ordering generally. Is it legitimate to insist on freedom to satisfy one's desires whatever they may be and in spite of whomsoever may be affected by them? If the law of the land is inimical, then the law must be changed immediately so that it no longer stands in the way of achieving one's desires and if and so long as the law is not changed, then it is to be ignored. This surely is the ultimate absurdity of the permissive society because it leads directly and inexorably to chaos and the rule of the jungle!

It is, I hope, as freely admitted that neither is order the paramount value. Some politico-legal regimes have existed in the past, and exist even today, where order is bought at the deplorable price of total, or almost total, deprivation of individual liberty. Thus the highest degree of public order may simply reflect the lowest amount of individual freedom.

It is important, of course, to appreciate that limitations imposed through law on private ordering do not necessarily result in a net loss of freedom. There is an old saying that "In England, all is permitted that is not expressly prohibited. In Germany, all is prohibited that is not expressly permitted. In France, all is permitted that is expressly prohibited!" We do not maximize our freedom simply by minimizing our controls. We do not exalt freedom by giving ourselves unlimited freedom of choice. An example of freedom created by control is found in our election laws. The amount of legislation and subordinate legislation that we apply to achieve a free election is really quite formidable but necessary. If we are to be given some share in choosing our lawmakers, a freedom to choose those whom we would have govern us, an elaborate machinery of election is required. The machinery must have controls, for example, to prevent voting twice, in order for this to be freedom of election in any meaningful sense. Paradoxically, therefore, control makes freedom possible and control is achieved through law. Indeed, law has been defined generally and perceptively to be "those wise restraints which make men free!" On any proper analysis of freedom then, it will be seen that the quality and quantity of law is a decisive factor but the mere increasing volume of law, by statute and regulation, is not necessarily to be regarded as derogatory to our fundamental rights of freedom.

I have touched upon, but by no means exhausted, the analysis of freedom in contemporary society to demonstrate the critical position of law in this equation. But the law must change to accommodate itself to a changing society.

As I speak of change, perhaps some of you have not heard my favourite story of the different attitudes to change exhibited by an Englishman, an American and a Canadian. An Englishman says, "As it was in the beginning, is now and ever shall be, world without end." An American, on the other hand, renders it "As it was in the beginning, is now, but that is no reason it should continue so until the end." But every red-blooded or blue-blooded Canadian knows it should be "As it was in the beginning, is now, and we'll appoint a Royal Commission to see how it should be in the end."

The fact of change, as I have already said, in our society is neither new nor compelling. Social and economic upheavals in the past have spawned extensive programmes of law reform—history teaches that where the spur existed, change took place. At no time was this more pronounced than in the period of the Industrial Revolution in England. Inspired by the individualism and laissez-faire principles of Jeremy Bentham and fostered by the gifted political genius of law reformers like Henry Brougham, whose law reform speech in 1828 in the House of Commons took six and one-half hours to deliver, a large part of the law of England, and derivatively that of the common law provinces of Canada, was transformed, and all this in a period of about 30 years from 1830 onwards. This applied to legal institutions as well and to the very heart of the law, the reform of Parliament itself, through the Reform Bill of 1832.

Again let me emphasize that it is the rate of change that assails our laws and legal institutions and challenges our energies and resources to meet the onslaught. In comparative terms the thirty years available to adjust to the significant socio-economic changes of the Industrial Revolution, through the accelerated change of our generation, has been reduced with us to a period of less than three days.

This is precisely why the rate of change has bred a pervasive impatience, at best, and sordid violence at worst. We, in Canada, have had both and are no longer innocent. The period of gross savagery and acute peril of the October 1970 crisis in Quebec seems to have passed, although incredibly the legal trials of the principal accused are not yet terminated, and some of the root causes of discontent that bred such violence and the threat of insurrection remain.

By and large the people of this country who are by no means homogeneous in any social, religious or ethnic sense, have exhibited a remarkable disposition for public order and peaceful evolution. It is only in the last five years or so that confrontation and violence have appeared to dethrone reason and peaceful change. There can be no doubt that lack of action in the face of hardship and inadequate laws is a fertile ground for frustration and violence.

The credibility gap between our laws and the needs of society that they are meant to serve is a matter of critical and continuing concern. Despite the tremendous strides that have been made since World War II, it appears that we are to be even more responsive to society, and yet the record is impressive. We have unemployment insurance, universal pension schemes, medicare, hospital insurance, old age assistance, mothers' and children's allowances, more humane standards of work and conditions of work, human rights codes, national and provincial bills of rights, better housing, better food, greater facilities for education, better health, more leisure and longer life than we have ever experienced before. One may well ask whether a good case could be made for a pause or breathing space. This appears to be impossible. There remains too much to do to keep abreast of things. Indeed, one wonders what percentage of obsolescence is written into our laws due to the simple factor of time lag. Both the law and the legal profession are accused on occasion of being reactionary, and so they are in the proper sense. The law reacts in an effort to find legal solutions to social problems. The solution should not and cannot effectively predate the problem without running the substantial risk of false starts and bringing the law into disrepute. But neither can the law fail for too long to respond to felt needs without risk of serious disruption of the social fabric.

The accomplishments of the last thirty years should not breed complacency, but they do provide a convincing case against those who are disposed to take the view that improving change cannot be wrought, in time, by peaceful means, and therefore civil disobedience is justified. Let me say at once that not only am I *not* one of them, but I cannot condone civil disobedience on any ground. There may be situations in some countries in our time when conditions are so hopelessly cruel and unjust and change so interminably long in coming that those who are asked to endure these things can no longer submit. If such there be, this country surely is not one of them.

We, in Ontario, have moved in a significant way to provide the necessary agency to take, and keep, our laws and legal institutions under constant review and to make recommendations, from time to time, to the executive and legislative branches of government for remedial legislation. The Ontario Law Reform Commission was established for this purpose, on a full-time, permanent basis, in 1964 and since then similar agencies have been instituted in all the other provincial common law jurisdictions in Canada and at the federal level; in England, Scotland, Ireland and Northern Ireland; in the state and federal jurisdictions of Australia; in New Zealand and in many of the states of the United States; the West Indies and Africa. The production of these agencies, with whom we maintain the closest links, is impressive and their purposes the same—to review the laws, not only as they exist in the books but how they are working in practice, and to make recommendations as to how they may be altered to serve better the societal needs of our times.

Without attempting to be exhaustive one would list among the basic objectives of law reform the following:

1. To crystallize the principles and simplify the expression of the law in contemporary language to make it the more readily understandable by laymen as well as lawyers and legislators.
2. To up-date the law and render it more effective in meeting existing and changing social conditions and in the process to discard the obsolete, the archaic and the anomalous.
3. To achieve more equitable treatment among conflicting interests and to redress the imbalance in the claims of the powerful and the weak.
4. To assure genuine equality before the law for all groups and segments in our modern heterogeneous society, irrespective of financial resources.
5. To expedite the administration of justice by our courts and tribunals, for "justice delayed is justice denied" is not an idle cliché but an observable fact.

It will be for historians and not for us to judge and say how well the task has been performed. I will content myself with saying that as a result of the effort of the past ten years large blocks of new and reformed material have been woven into the fabric of our law. Hardly any area of the law has remained untouched but emphasis has been placed on the law of property, both in general terms and particularly in the field of landlord and tenant and family property law; civil rights; consumerism; the rights of women, etc. The work continues. I need hardly add that the burden of assimilating these legislative changes falls heavily on the legal profession and the officers of governmental administration and we have been accused of legislating them into ignorance.

It is my hope that what has been said here you will not dismiss out of hand as merely another "law and order" speech. What I have tried rather to present, in brief compass, is an acceptable analysis of the concepts of freedom and order in our contemporary society and the central position which the law plays in the total process of adjusting human behaviour so that men can live together in relative freedom. But, as Allport has pointed out, because we and everything about us never *is* but is always *becoming* something else, we must accommodate to change. To resist change is to invite disaster. At the same time, however, I hope in planning for where we are going we do not ignore completely where we have been.

We know now that we cannot stand still. The body of our laws and the legal, social and economic institutions that are required for the rational control of a complex, densely populated, urbanized, industrial community on the threshold of the last quarter of the 20th century is strikingly different in nature and number than that which was adequate for a relatively simple, sparsely populated, rural, agricultural community in the last quarter of the 19th century.

As society changes so must our laws and institutions change to keep us within civilized bounds in dealing one with another. It has been expressed for us on the legal side by Benjamin Cardozo, one of the greatest of American jurists in these words:

> Existing rules and principles can give us our present location, our bearings, our latitude and longitude. The inn that shelters for the night is not the journey's

> end. The law, like the traveler, must be ready for the morrow. It must have the principle of growth.

But in groping for and moving into the sunlit plateaus of a better society we must ever bear in mind the necessity for adherence to one of those principles which are the underpinnings of society, a more ample and readily available justice.

In an address to the American Law Institute in Philadelphia in 1966 Lord Gardiner, the Lord Chancellor of England, said:

> That so much of my time has been devoted to law reform is not a matter on which I have any regrets. My motive has not been that of a lawyer interested in the law as such, although I am. My motive has been a hatred of injustice, I can't bear seeing anomalies in our law cause injustice. I have wanted to see them put right.

Most of us, I think, hate injustice and we do not hate it the less because it is efficiently administered, as it frequently is. We cannot, because we must not, return to the good old days, when some people were far more equal than a lot of other people. We all have a responsibility for putting things right but in doing so must not lose sight of those enduring basic principles by which alone civilized societies can be built if they are to endure.

The appreciation of the audience was expressed by Mr. Joseph H. Potts, C.D., Q.C.

MARCH 14, 1974

The Runaway Growth of Bureaucracy—A Serious Concern for Canada's Future

AN ADDRESS BY Colonel Richard Rohmer, D.F.C., Q.C.,
AUTHOR, LEGAL COUNSEL AND NORTHERN EXPERT

CHAIRMAN The President,
Robert L. Armstrong

MR. ARMSTRONG:

My Lord Bishop, distinguished head table guests, ladies and gentlemen: "Time is running out fast. If Canadians don't wake up to what is going to happen to the enormous natural wealth on their doorstep, *Ultimatum* will become a fact."

So reads the admonition printed on the jacket of *Ultimatum*, the fascinating and illuminating novel written by our guest of honour, Colonel Richard Rohmer.

That time may not be on our side, is a reasonable conclusion which may be drawn from the startling information contained in *Ultimatum*. It is abundantly clear from reading the press that TIME is not on the author's side.

I hope I may be pardoned for reciting a familiar, oft-quoted excerpt in the Fitzgerald translation of the Rubaiyat of Omar Khayyam, the theme of which may be interpreted to have some significance in light of present events.

"The moving finger writes and having writ moves on and all thy piety and wit cannot lure it back, nor all thy tears wash out a line of it."

But enough of writes and writs, you came to hear a Canadian of renown.

Colonel Rohmer was born in Hamilton, attending High School in Fort Erie. He received a B.A. at Assumption College of the University of Western Ontario and was admitted to the Bar of Ontario in 1951 and later to the Bar of Northwest Territories in 1970.

He served with great distinction in the Royal Canadian Air Force as a Fighter Pilot and was awarded the Distinguished Flying Cross. He retired with the rank of Wing Commander. Having commanded both the Reserve Squadrons, 400 City of Toronto, and 422 County of York, he is now Honorary Colonel of 411.

Colonel Rohmer is Chairman of the Royal Commission on Book Publishing (Ontario), Chairman and Originator, Mid-Canada Development Corridor Concept and Conference, President Mid-Canada Development Foundation Inc. and Mid-Canada Community Service and Broadcasting Foundation. He is a Director of a number of other projects, companies and charitable organizations. In 1972 he received the Commissioner's Award for Public Service to the Northwest Territories.

He is counsel to the law firm, Lang, Michener, Cranston, Farquharson & Wright and in addition to *Ultimatum* is the author of *The Green North*, and *Mid-Canada, The Arctic Imperative*.

I am very pleased to introduce Colonel Richard Rohmer, D.F.C., Q.C., who will speak to us on the subject: "The Runaway Growth of Bureaucracy—A Serious Concern For Canada's Future."

Colonel Rohmer.

COLONEL ROHMER:

I don't know about you, but I've always found extremely interesting the way governments in this country are elected, how they operate, how they are structured, how they set their policies, how those policy decisions are implemented or executed and by whom.

How we are governed and by whom, is a matter which directly affects each and every one of us.

In Canada, the individual voter believes he lives in a democratic society and that when the Member of Parliament for his riding is elected (whether that elector has voted for him or not) the expectation is that the member will represent the interests of all the people in his riding. The voter also believes that his member has power and influence, especially if he is a member of the government side.

The people we think have the really big clout are the members of the cabinet. They're the people chosen by the leader of the majority party—the Premier or the Prime Minister—to set policies for the administration of the government either of Canada or of the provinces, as the case may be. It is the cabinet, the political arm of government, which is supposed to be able to hire or fire the staff which serves it.

In Canada we have the rather naive idea that the cabinet, (that handful of men and sometimes women who meet behind closed doors in a secrecy enshrined in oaths), make all the decisions; that they're the ones who come up with brilliant ideas, schemes and policies; and that once they have decided what they are going to do they tell the civil servants in their various ministries to go and do it believing that it will be done.

That may be the way it was at Confederation in 1867 and for a short period thereafter, but the power structure and decision-making processes in government, especially the federal government, have undergone enormous changes in the past 107 years.

At the federal level what has changed very little since Confederation is the number of ministries and the number of politicians at the head of each ministry. Today there is still only one minister in each ministry. He might have a parliamentary assistant but there are no associate ministers, no one of the same or comparable political stature with whom the minister can consult. Equally as important there is still only one political person—the minister—who can be found by a member of the public who wishes to have access to a decision maker in any government department.

When Sir John A. Macdonald formed his first cabinet in 1867, he appointed twelve ministers to head up twelve departments. The number of federal civil servants reported on staff in 1867 was 330, and the population of Canada was 3,463,000.

By 1900 the number of ministries had increased by one to thirteen. The number of civil servants had increased 1,000% to 3,344, while the population increased 64% to 5,301,000.

Now we move ahead 50 years to 1950, when the number of ministries was eighteen; and the growth of the civil service was over forty times against only a three times increase of population—the civil service was up to 127,196 from 3,344 in 1900 while the population went to 14 million from 5 million at the turn of the century.

Let's look at where we are today. The number of ministries is twenty-seven; and the civil service has increased 150% from 1950 while the population has grown only 60%—the civil service is up to 320,003 (with another 13,000 to come this year) from 127,196 and the population went to twenty-two and a half million from fourteen.

I visualize each ministry or department as a pyramid.

If each ministry was a pyramid you would have at the top of it (apart from the itinerate ministers who come and go) a deputy minister and under him, his assistant deputy ministers and from there the pyramid spreads down to a very large base.

In 1900 with 13 ministries and only 3,344 federal civil servants the average number of bureaucrats in each department was 257.

In 1974 with 27 ministries pyramiding away on more than 320 thousand bodies the average number of civil servants per ministry has gone to 11,851.

Even so there is still only one minister, one lone and lonely politician at the pyramid's peak.

The minister of the day in any department has little opportunity to obtain assistance and counsel from his colleagues in the cabinet. They are overloaded with their own problems and in any event they don't want to have interference from or involvement in any other ministry. Perhaps a minister can talk with a trusted fellow cabinet member when they gather at the cabinet table or sit on the odd committee together.

But effectively every minister must operate by himself. He must rely almost exclusively upon the advice of his deputy minister.

The deputy minister usually is an expert in the work of the ministry. He may have seen several ministers come and go. He has at his command in the pyramid under him a growing army of experts and non-experts upon whom he can call. The deputy minister has power, especially staying power.

The system is designed to make the minister (who, as a rule, is a man with no expertise whatsoever in the department to which he is assigned) the captive of the deputy minister and his staff.

Virtually all policy proposals to the minister are formulated, researched and prepared by the civil servants, except when an inventive minister or a creative cabinet decide on a matter of policy in principle and then direct the bureaucracy to research it and bring it back.

The system is also such that the entrenched federal civil servants find totally unacceptable any concepts outside their own mandarin class and outside Ottawa. These are automatically rejected because they do not come from within their own structure. They give the appearance of believing that any citizen beyond the moat around the Ottawa ivory tower is really a second-class person who couldn't possibly have an idea or an opinion.

Ottawa is characterized everywhere in Canada as "remote". It *is* remote and in my opinion it is the arrogant aloofness of the all-powerful bureaucracy which makes it so.

When you come back to the position of the minister, he is after all only one single human being with the power to assimilate only so much information and to make only so many decisions. He must make those decisions in isolation. And he must assess what the public viewpoint would be simply from his own point of view.

The only other point of view which he has access to on a day-to-day basis is that of his civil servants. How they read what is best for the public in British Columbia, Alberta, the Maritimes or Manitoba or the Northwest Territories while sitting on their seats in Ottawa has always been a mystery to me, but obviously a matter of power and pleasure to them.

The minister's political input into the decision-making process is usually the last and therefore the least, because all it is is the making of a simple decision—yes, or no, or amend. There is rarely an opportunity for the insertion of the politician's point of view during the processing of any proposal on its way up from the bowels of the pyramid.

Let's look at another result of the massive growth of the departmental pyramids.

If you set all the pyramids side by side, some would be tall and some would be short. Their lines of communication run vertically—that is to say information can flow from the bottom of the pyramid to the top. Sometimes it can even flow from the top to the bottom. It may flow slowly and in an unco-ordinated fashion or it may flow quickly. Nevertheless the flow is vertical, usually in an upward direction to the deputy minister, then to the minister and, if appropriate, through him to the cabinet.

However, the horizontal flow of information between ministries is extremely limited, impeded as it is by jurisdictional jealousies, lack of liaison and co-ordination and failure to comprehend or understand the programmes which other ministries have embarked upon. Therefore it is not uncommon to find serious overlapping of projects or research being carried on by different ministries.

As the self-generating pyramids grow larger the communications gap between them also grows larger.

Of course there are those who would argue that there are now many interdepartmental committees such as the "Advisory Committee on Northern Development" which is made up of senior civil servants from the various ministries having a piece of the action in the Arctic. Such committees at least go part way to overcome the communications gap. But again, they're committees of bureaucrats, not politicians.

Another phenomenon occurs as the pyramid grows larger and larger, carrying the minister heavenward as he is wafted upwards on an ever increasing pile of problems and decisions. The phenomenon is that day by day he becomes more remote from the public, the people whom he serves. The higher and bigger the pyramid, the more impossible it becomes for any member of the public to reach the minister personally, to talk with him on the telephone, or to see him to express a point of view. Even back benchers have an extremely difficult time putting the arm on their own ministers.

What about the man or woman, the taxpayer, the public who want to see the minister? Rarely do they get to see him unless they have some particular "in" or influence with somebody.

No, the Canadian who wants to deal with his government must deal with the bureaucracy because there is no one else to get at and the civil servants know it.

This is power. It is power which is in the hands of the civil servants, not the politicans. The civil servants make the decisions. It is they who deal with the public.

Those of you who have had the experience of dealing with the bureaucracy at Ottawa must have some understanding of the point I am attempting to make.

What about limiting the growth of the civil service? Evidently it is impossible.

In 1969 the Prime Minister gave a pledge to the Canadian public that there would be a freeze on the growth of the civil service.

At that time there were 235,000 on the payroll, not including the C.N.R., Air Canada, Atomic Energy of Canada Ltd., the Canadian Wheat Board or the Canadian Armed Forces.

Notwithstanding the pledge of the political arm of the federal government, the civil service will grow this year alone by 13,000 to 333,003—an astronomical increase of 98,003 in the short period of just 5 years since the Prime Minister's promise.

This is run-away growth. It is run-away on two counts.

The first is in terms of growth in numbers. The second is that there is no way the cabinet or the current Prime Minister—that is the political arm of the government—can stop it; at least not under the present structure.

When you see, as we have, the enormous number of civil servants in the pyramid beneath each minister and the incredible power which the beaurocracy has acquired through the mass of its own weight of numbers, the conclusion is irresistable that the political arm of the government of Canada is powerless in Canada to stop the growth of the civil service because the bureaucracy has overpowered the politicians.

With this run-away growth of the federal bureaucracy (which really now could be called the "civil self-service" because it grows by feeding upon itself), our society is both witness and victim of an escalating invasion of government into every facet of our lives. Obviously there is a happy willingness on the part of the bureaucracy to find more and more fields of human endeavour to investigate, regulate, control and manipulate.

The final matter to be discussed is this: what would a prudent and reasonable voter in Canada expect the political arm of the federal government to do if it once again accepted the principle that the growth of the bureaucracy in Canada is run-away and then took action to stop it?

While there are those who will disagree with the proposition that I am either reasonable or prudent, I am at least uninhibited enough to put forward a handful of suggestions. I do this with every confidence that those in power in Ottawa—that includes the political as well as the bureaucratic arms of the federal government—will never hear or see them. For after all, I am one of those second-class citizens on the far side of the moat around Ottawa's ivory tower.

So, in the comfortable belief that I will not be responsible for influencing anyone in a position of power, I turn to my respectful suggestions.

The political arm of the federal government should:

First, forthwith decree a maximum limit to the number of people that can be engaged in the civil service and should roll back the permitted number to the number originally set by the Prime Minister in 1969 plus a per annum increase proportionate to the growth of the population; and to give effect to this cut back the Treasury Board should set a budgetary limitation for the pay and allowances to be permitted to the civil service. This technique has been effectively used by the civil service to reduce the Canadian armed forces both in men and the amount of money available to them. Now it should be used on the bureaucracy itself.

Second, restructure the cabinet system in such a way that associate ministers are created with at least one in every major department—so that each minister has a colleague of ministerial rank with whom to consult and to assist him in his day-to-day confrontation with the bureaucracy.

Third, give prompt and favourable consideration to altering the cabinet structure into a two-tier system comparable to that used in the United Kingdom.

Fourth, investigate and inquire into the need and desirability of substantially increasing the number of seats in the House of Commons so that the number of members of Parliament more adequately reflect the growth of the population and so that the House of Commons may be given a better opportunity to oversee the control and development of policies and their implementation.

In short, the time is long past due for a thorough-going review of the structure and organization of the federal government, both the political arm and its pyramiding bureaucracy.

We Canadians are among the most fortunate of people. We have a vast, resource-rich country. We have a stable economy and notwithstanding the situation which I have described today, we have maintained a stable political position, both federally and provincially. Our cities are undoubtedly the most comfortable, safe, delightful urban communities on this continent.

In Canada we've got it all going for us, and paradoxically one of the reasons that we have is that by and large the civil service has done an excellent job for Canada.

The appreciation of the audience was expressed by Brigadier-General Bruce J. Legge, E.D., C.D., Q.C.

MARCH 21, 1974

Aviation in the Next Decade

AN ADDRESS BY David L. Nicolson,
CHAIRMAN, BRITISH AIRWAYS BOARD

CHAIRMAN The President,
Robert L. Armstrong

MR. ARMSTRONG:

Distinguished guests, ladies and gentlemen: "Hey! Hey! Hey! The British Have a Way." So goes the somewhat mod and not so staid commercial of British Airways. And we in Canada who treasure our heritage from Britain of law and order and fine traditions realize that the changes which are taking place throughout the world are also taking place in Britain. As our global village shrinks through present day instant communication we are appalled with headlines such as appear in today's newspapers, giving blatant evidence of the sickness in our society.

It is not my purpose to preach on this occasion but to welcome on behalf of The Empire Club of Canada our distinguished guest of honour, Mr. David Nicolson, Chairman of British Airways Board. Mr. Nicolson is no stranger to us, having addressed our Club just over two years ago.

Our speaker was educated at Haileybury and Imperial College, London University, and from 1942-45 served in the Royal Corps of Naval Constructors at sea and in the invasion of Normandy. He recalls that his first experience in management came when, as a 22-year old Naval Lieutenant he had the task of clearing the Normandy beaches of obstacles in the way of invasion craft. He began with 15 men and had a force of 300 under him three weeks later. He states, "We worked 24 hours a day and I lost two stone in two weeks.'' For the uninitiated, two stone is 28 pounds and not pounds sterling.

In 1946 our speaker joined the management consulting firm, P-E Consulting Group Ltd. and except for a two-year period, as a production engineer in Milwaukee in the early 1950's, he remained with the consulting firm full-time until 1964, when he became its non-executive Chairman, from which position he resigned in 1969.

Mr. Nicolson was one of the first British businessmen to introduce American business techniques to Britain, specializing in company organization and corporate planning. He is a leading advocate of modern boardroom practice, notably in the field of the non-executive director. He became the first Chairman of British Airways Board in 1971 and is the architect of the merger of BOAC and BEA to form British Airways, the world's largest international airline.

A Fellow and Governor of Imperial College, London University, Mr. Nicolson was formerly Chairman of the British National Export Committee for Canada and a member of the Science Research Council. He has many other accomplishments too numerous to mention in this introduction, and brings us a message entitled, ''Aviation in the Next Decade''.

Ladies and gentlemen, I am very pleased to present Mr. David Nicolson, Chairman, British Airways Board.

Mr. Nicolson.

MR. NICOLSON:

It is a great privilege for me to have this opportunity of speaking to you this afternoon. While I don't need to dwell on the very close links that have tied our two countries together for a very long time, I would like to mention that I personally feel a very close affinity with Canada.

My father was a Canadian mining engineer who crossed the Atlantic and married an English girl. But it is not for that reason alone I regard Canada as my second home. I have been coming here for many years in connection with business and in recent years as a director of the Bank of Montreal, and for a time, as some of you may know, I was Chairman of the British National Export Council Committee for Canada.

Today my remarks are concerned with civil aviation, but this is part of the total travel business, which has become part of the standard of living in all the developed countries today.

Therefore, I do not think it would be inappropriate for me to mention briefly the economic and industrial problems that have faced Britain in the past few months.

I have certainly been surprised, even amused, to learn of some of the impressions in some countries about living conditions in Britain.

I do not wish to imply by saying that there are simple solutions to our problems but I don't think anyone should under-estimate Britain's ability to find the road back to a healthy, buoyant economy. And you must remember we now have the new potential of vast oil deposits in the North Sea which will not only make the UK independent of imported oil but an oil exporter.

Tough measures by the recently formed British Government will, of course, be needed in the meantime to redress the current situation regarding Britain's balance of payments and trading position.

Furthermore, new attitudes by both management and trade unions will be necessary in the field of industrial relations—and, incidentally, I am pleased that British Airways is in the van of developing such techniques and I will enlarge on that in a little while.

It is not for me to predict what additional steps the British Government will take. But there is one question that I can answer with the utmost confidence—Britain is and will continue to be still as attractive as ever to the overseas visitor.

Of course, prices of most of goods and services in Britain have increased. Hotel accommodation costs more. So does food, clothes, taxis and even air fares have gone up in recent months. But Britain still offers the overseas visitor a very attractive and reasonably-priced proposition. For instance, an independent survey carried out by the London Financial Times in January this year showed that bed and breakfast in a good class hotel room in London costs $C33.60 and was $C3.40 cheaper than similar accommodation in Montreal. Compared with Paris and New York, London hotels are substantially cheaper.

Take an evening out in London as another example. The same survey showed that four people having a meal with all the trimmings at a fashionable restaurant, then visiting a nightclub, could expect to pay $C111 in London, but more than twice that in New York. In Paris the average cost was given as about midway between the two. In London clothes—for both men and women—were substantially cheaper, the survey proved.

You may think I am straying from my subject of "Aviation in the next decade", but aviation is part of the total trend and before talking about the next ten years I wanted very much to assure you that despite Britain's internal problems the overseas visitor, particularly from Commonwealth countries, will find a very warm welcome and certainly not experience any drop in standards.

Air travel particularly, is a tremendous bargain today even taking into account the recent surcharges we have had to impose because of the increased cost of fuel supplies.

When British Airways first introduced services between Montreal and London via Prestwick on April 15, 1947, the return fare was $C314.50. Today the economy return fare is $C405, an increase of only $C90 in twenty-seven years. Convert that $C405 into 1947 values and you will find it is equal to $C1235.

In those twenty-seven years prices in the UK have increased by 205%—but air fares by only 29%.

Civil aviation is the only industry that has consistently reduced the price of its products in the face of inflation.

Because of the developments in fuel price and other escalations in costs we shall not be able to keep up this trend in the next decade but if we can at least keep whatever increases are necessary within the bracket of the rate of inflation I think it will be a magnificent achievement and certainly not a factor that will hold back the development of the industry worldwide.

In our battle to keep costs down, the pooling agreement between British Airways and Air Canada will continue to be a great weapon in our armoury. The successes we achieve will not only benefit the two airlines but their customers as well.

This agreement, dating back to March 1, 1960, the date on which our Overseas Division obtained traffic rights into Toronto, enables both British Airways and Air Canada to pay the greatest attention to the question of providing the right amount of capacity between various cities in both our countries to meet the requirements of our markets.

Regretably, the same cannot be said of other markets. For many years the profitability of international airlines has been undermined by over-capacity on some routes and nowhere has this been more true than on the routes between the USA and Europe, where discussions have not been permitted by the US authorities until recently and then only because fuel supplies were reduced so drastically that there has to be some form of agreement to enable carriers to rationalise services.

The alternative to that was those airlines ceasing to fly the route when their supplies were exhausted.

The result was that the North Atlantic operators at long last had an agreement that was sensible and realistic in principle. Unfortunately this agreement is still only a temporary one. When the present fuel restrictions are eased I sincerely hope that those who regulate the air industry will not forget the lessons that have been learned and will think long and hard before they bring about a return to the illogical and unnecessary flooding of surplus capacity on the market.

Such a situation would not be to anyone's advantage, particularly when costs have increased greatly. In British Airways, increased fuel costs are expected to add $C159 million or £70 million to our costs in 1974. If you compare that £70 million with a total revenue of something in the order of £600 million you will see the size of the problem. And fuel is not the only cost that is going up.

In the last 12 months the average seat load factor on British Airways operating on all North Atlantic routes has been 55%. In simple terms this means that since last March British Airways has operated the equivalent of 2,375 jumbo jet flights across the North Atlantic without carrying a single passenger.

As we all know, the seat load factor on the Canadian route is, in actual terms, much higher than the average, so this means that most of the wastage is on routes between the UK and the USA.

Other international airlines are facing the same problem. In the US, for example, the major American international airlines are asking their Government for special federal legislation permitting financial aid to enable them to meet the high cost of fuel.

Surely it must be seen by everyone—governments, airlines and the travelling public—that there has never been a more appropriate time to firmly establish some form of capacity restraint based on orderly development to meet market requirements, on routes such as those between Europe and the US.

I am not suggesting that the airlines should seek measures that would automatically guarantee profits. Nor is it intended that the customer will be offered a reduction in service. I believe that a formula can be achieved that would enable the many North Atlantic operators to live together as competing enterprises, on the one hand without destroying the ideal of competition and all that means to the consumer and, on the other, relieving the airlines of the crippling burden of over-capacity, which on some North Atlantic routes meant that an average of 45 out of every 100 seats were unfilled.

These increased costs now being faced by airlines will inevitably mean that fares will have to rise. The market segments that require high seat availability on demand, like businessmen, must be prepared to pay an economic price covering the fuel and other costs of the unused seats which their needs make unavoidable.

Other segments, such as the holiday traveller, can accept conditions and limitations which enable an airline to improve its productivity, cutting the breakeven price by half or more. Capacity made available for low-fare traffic must be carefully selected and controlled so that high load factors are achieved in these seats. This will mean, of course, that seat availability for this type of traffic will be reduced at peak travel times on various routes.

In the past little or no thought was given by airlines as to whether the extra traffic generated by low fares was profitable by itself so, therefore, there were no controls over the fare-type mix. This meant that the airlines were powerless to prevent decline in profits as more and more traffic swarmed towards the lower fares, in some cases filling seats that should be available at a much later stage to the high-yield market.

British Airways believes that the industry should charge each of its customers a price that covers each of the very different costs levels incurred in satisfying each of their very different scales of mood. This is the concept our negotiators will take to the conference table at the IATA traffic conference for the North Atlantic area in June.

If anyone needed convincing that the merging of BOAC and BEA to form British Airways was the right decision, then surely recent events have done just that. As one airline we are in a much stronger position to face the financial pressures. In two years we have improved staff productivity by 25% and we have to improve it by a further 25% in the next five years. By that time—1979—we consider that the benefits of rationalisation will be worth over $C113 million a year. Also, we are now in a position to offer a much better service to our customers by forming one airline with a common identity.

When I visited Cardiff in Wales a few weeks ago I found some pretty strong reaction to some of the steps we had taken. "Why have you dared to take the Welsh dragon off the tail of aircraft operating regional services between Wales and other UK cities?" I was asked. "And why are you painting all your planes the same colour? Is this the usual centralisation in London which ignores Welsh local needs?"

I could see I was going to be in deep trouble if I didn't have a good answer to those questions so I said: "You realise that now we are one airline and with the merging of BOAC and BEA we have more than 2,200 employees in North America."

They said: "That might be so—but so what?"

I replied: "You know that there are seven million people of Welsh descent who live in America?" and they agreed they did. I then asked: "Do you realise we are bringing 700 American travel agents to Wales in the next twelve months to sell them tours?"

Back came the instant reply: "Bach, it's all right. You go ahead and take the bloody dragon off."

This is one example of the by-products and benefits of size. It was something that could not be attained effectively and efficiently so long as BOAC and BEA remained as separate organisations.

But the formation of British Airways is not just a merger of two airlines. It is a massive reorganisation. We started off with two corporations that did many things in different ways and in many cases duplicated their facilities. It doesn't make much sense to have 300 people in one part of London's Heathrow Airport overhauling black boxes for BOAC and about 400 yards away have a similar number doing exactly the same thing for BEA.

So instead of two corporations we have ten divisions. The major operating ones are the Overseas Division, which is a large part of what was BOAC and has 64 aircraft, the European Division which is a large part of what was BEA and has 100 aircraft, the Regional Division which has about 50 aircraft and which operates most of our domestic services at present. In all, we have 222 aircraft operating along an unduplicated route network of 500,000 miles to 200 destinations in 90 countries.

As you know, we want to add Winnipeg, Calgary, Edmonton and Vancouver to our list of destinations. Air Canada has publically supported our plans to serve these Western Canadian points because they say that our presence will be good for the travelling public in the area as well as for the airline business.

We had tentatively proposed to have four flights between Western Canada and Britain this summer and two during the winter months. However, although we have a licence to operate these services from the British Civil Aviation Authority, we do not now expect a bilateral agreement with the Canadian Government can be signed in time to allow us to operate our planned summer schedule.

These new services will give Western Canada a much improved service to Europe because British Airways serves 90 points on the continent. In addition, promotion of Western Canada by British Airways throughout Europe will attract many more tourists to your country. It will also make it much easier for Canada's oilmen to travel between North Sea and Middle East ventures and Alberta's rich oil development. British Airways has become very much an oilman's airline, operating services between the oil capitals in North America, Europe and the Middle East. But we are even more involved in the oil industry. For instance, we are jointly sponsoring with the British Canadian Trade Association a seminar on the North Sea oil and gas industry here in Toronto on May 9.

Few industries can afford an isolationist attitude today—and airlines certainly cannot if they hope to stay out of the red. In British Airways we believe in the "total travel concept"—in the philosophy that we cannot market air travel in a vacuum. It must be part of a total travel product aimed at satisfying the needs of the leisure and business traveller. There is a major move in the airline industry towards the creation of travel complexes comprising airlines, hotels, package tour, villa and shipping companies.

This interest, as far as we are concerned, is represented in most cases by small investments in hotels in Europe, Africa, the Caribbean, the Middle and Far East and Fiji. We are not yet as involved as the major American airlines in hotels but we hope to improve our position.

We are particularly anxious to promote tourism in Canada. Our European network is the largest of all international airlines and we want to use this with a major selling effort in our own interests as well as yours in bringing many more tourists to this country. This also benefits Air Canada because it will increase the amount in the pool, which last year totalled about $C85 million.

You can get some idea of the market which is available to the airline industry when you realise that in the UK seven people out of every ten have not yet flown on an aircraft. And if you look at Japan, where there is a population of 110 million, only two and half per cent of the people went overseas last year.

The opportunities are there. There are also opportunities for airlines to make a much greater contribution to cultural understanding between nations and in other fields such as education.

Take Canada's own Heritage Society programme, which is a scheme for taking youngsters in their last year at school over to Europe with their teachers as part of their studies to learn about overseas countries and languages. When the scheme was first launched 4,000 children took up the offer. This year the total is expected to be 17,000 and by 1980 about 65,000 Canadian youngsters are expected to visit Europe. British Airways will not be carrying all these youngsters but I think that these facts and figures give some indication of the scale of growth we in the airline industry will have to meet in the next decade. In all, we forecast that our traffic worldwide will double by 1980 and more than treble by 1990, which means by that time we will be carrying nearly 100 million passengers a year.

To meet the 1980 traffic demands, we shall be operating a fleet of about fifty wide-bodied aircraft—Boeing 747s and Lockheed TriStars. These two will be producing more than half the capacity in our fleet which, as now, will total about 220 aircraft.

Many of our requirements for the 1990s are likely to be met by these and other aircraft we already operate or by developed versions of these models. For instance, the 747 is capable of being lengthened by adding two sections in the fuselage which would give a seating capacity of 550 seats. There is also the possibility of the 747 having its top deck extended making it a double-decker passenger cabin giving about 750 seats, with a seat-mile cost down 25% on that of the present model.

However, before getting anywhere near to committing ourselves to such large aircraft we will have to carefully measure public feeling. If the reaction is strongly against such aircraft and people refuse to travel on them then we will have to take a hard look at our plans. Personally I don't believe we will have to do that because scheduled airlines have a great safety record. But I fully recognise the understandable human emotion to a tragedy like the recent DC10 crash near Paris.

Safety is of paramount importance to British Airways and will always be at the forefront. Next comes regularity and reliability, followed by service, which we are constantly trying to improve. Next on our list of priorities comes technology and therefore we are doing a great deal in fields such as autoland, which is automatic landings in poor visibility.

Another important aspect is the development of quieter aircraft. We want to be a quiet airline. The 707 jet has a noise footprint as we call it—this is the area affected by noise at landing and take-off near an airport—of about 40 square miles.

With the new generation of wide-bodied aircraft like the Lockheed TriStar this footprint is ten square miles. I believe that even further dramatic reduction in noise levels is possible and will predict that prototypes already being developed will eventually lead to a noise footprint around airports of only two miles.

This is a level I am sure that will be acceptable to even the most ardent environmentalist living near an airport, for at the perimeter the noise will be no more than if the same environmentalist was standing on the kerb of a busy main street.

These then are the main cornerstones of our five-year plan—safety, regularity and reliability, passenger service and technological improvements.

There is one other that I touched on earlier—industrial relations. As I have said I believe Britain needs revised attitudes to management-staff relations.

Right from its formation the Board of British Airways recognised that if we were to achieve all our objectives we needed the support and co-operation of our staff, not an easy task when you consider we had 58,000 people worldwide and were about to enter what is normally an explosive period in the merger of two vast enterprises.

The new management, drawn largely from a wealth of experience in BOAC and BEA and complemented by a few businessmen and industrialists from outside companies, developed communications with staff to an unprecedented level. For example, when we were choosing the colour scheme for aircraft we showed the various proposals to about 10,000 staff in some 10 different countries and much of what they said helped us to reach a decision.

We have also involved staff in future planning of operations and the design of the organisation, making it perfectly clear, of course, that the end decision must rest with the management and the Board.

And it has worked just as we believed it would. Staff representatives have been participating with an equal number of management in study groups that have looked at some of the different aspects of our operation. The staff representatives report regularly back to their colleagues on progress being made and by this means we involve everyone concerned with the changes being made.

The results speak for themselves. We have achieved the merger and kept the planes flying, we have achieved a 25% increase in output per man with more, as I have already said, to come.

The next decade will bring many dramatic developments.

I think some people often don't appreciate the rate at which change is taking place in this industry.

It was about 1905, only 70 years ago, that well-qualified people said flying was not practical at all. In 1947 it took nearly 17 hours for scheduled passenger flights to travel from Montreal to London. Today that journey takes less than six hours.

The next ten years will be as exciting as any other decade in the history of civil aviation. And you can be equally certain that, like all preceding decades, it will have what appears to be more than its fair share of problems. Even major crises.

But I am confident that using all the skills at our disposal, we will be able to adapt our plans accordingly. If any one doubts that, then I invite them to ponder the problems we have faced—and overcome—in the past.

The appreciation of the audience was expressed by Mr. H. Ian Macdonald.

MARCH 28, 1974

Energy—a Sign of Future Tension

AN ADDRESS BY Professor Eric W. Kierans, P.C., B.A.,
DEPARTMENT OF ECONOMICS,
McGILL UNIVERSITY

CHAIRMAN The President,
Robert L. Armstrong

MR. ARMSTRONG:

Mr. Minister, Mr. Consul General, distinguished guests, ladies and gentlemen.

Our guest of honour has addressed this Club on at least two previous occasions, namely November 9, 1967 and March 19, 1970. We are pleased to welcome his third coming. He is always interesting and his utterances are rarely non-controversial.

At the time of his last communication to our members and guests Professor Eric Kierans was properly introduced as the Honourable Eric Kierans. He was then appropriately Canada's first Minister of Communications and as Postmaster General he was responsible for the evolvement of our present day modern, efficient postal system.

Professor Kierans is no less honourable a gentleman than he was in 1970, although he no longer espouses the title. Indeed he admits that he prefers to be called Professor rather than the Honourable and is not in the least reluctant to having these sentiments conveyed to the Right Honourable, the Prime Minister, with his compliments.

Professor Kierans, a native Montrealer, worked his way through Loyola College and McGill University and after achieving success in the business world returned to the academic consideration of business affairs as Professor of Commerce at

McGill and later as Director of the School of Commerce in 1953. From 1960-63 he served as President of the Montreal and Canadian Stock Exchanges.

To borrow a metaphor from Allan Leal, Q.C., the Chairman, Ontario Law Reform Commission, former Dean and Professor of Osgoode Hall Law School and a Director of this Club, "Old professors never die, they only lose their faculties."

Our guest of honour only temporarily abandoned his faculties in 1963 and entered the political arena. He was elected to the Quebec Legislature as representative for the riding of Nôtre Dame de Grace and served as Minister of Revenue and later as Minister of Health in the Cabinet of Premier Jean Lesage.

In April 1968, our speaker was a candidate for the leadership of the National Liberal Party and as Member of Parliament for Duvernay joined the Trudeau cabinet in July of that year.

He is a well-known author and served in the last great war as an officer in the Victoria Rifles of Canada.

Having resigned his cabinet post and having departed the active political scene, he has as if by transmutation, again become Professor Kierans, and returns to us today in full possession of his faculties.

It is my great pleasure to welcome on your behalf Professor Eric Kierans who will address us on the subject, "Energy—a Sign of Future Tension".

Professor Kierans.

PROFESSOR KIERANS:

Political leadership in a democratic society has the responsibility of interpreting the needs, and the priorities assigned to those needs, of people. In a world as rapidly changing as our own, this is no easy task. Before governments can respond to changing values, meaning and relations, they must first recognize that these shifts are occurring, that they are real and that they are fundamental and enduring.

Recognition of a changing cultural environment is not enough. People expect their leaders to respond, not passively or automatically with half-hearted, *ad hoc* measures, but meaning-fully. New values demand new directions which cannot be undertaken until there is a basic re-examination and reassessment of existing principles, objectives, policies and institutions.

In a political democracy, governments are elected for a short term. Accordingly, they like to get by and, until now, they have always believed that getting by meant that one did not ask too many questions, probe too deeply or respond to more than the most immediate and pressing stimuli. Even, then, the responses are likely to be symbolic rather than substantial as in the cases of tax reform and energy policy.

The measure in which a government may be held to be responsible can be gauged by the manner in which it responds to the needs of its people. Major changes in cultural values, as for example the repudiation of constantly accelerating material growth, imposes on governments the need to reassess not only the present but also the past, the original development and usefulness of our present policies and institutions. In other words, where these policies and institutions were once hailed as examples of prudence, wisdom and foresight, a contemporary view assesses them more critically and skeptically and focuses rather on the biases and prejudices of a bygone age that are inherent in them.

It is in this sense that I see energy, and the abuse of energy, as a sign of future tensions—unless we radically alter an ideology of material growth that cannot be sustained in a finite world and that can only turn human progress into collapse and decline.

Governments, today, are expected to find new points of departure. That means revamping, if not casting aside outright, old institutions. And this they do not appear able to do. As a result, we find one government after another, in the western democracies, unable to command a consensus or even persuade a small majority of their people to their views. It is not a crisis of democracy or of parliamentary institutions but of political leadership that makes uncertain, insecure and confused the people of Japan, Sweden, Germany, Canada, the United Kingdom, Italy, France, the United States, etc. If people are more important than institutions, then, why do governments not recognize this?

I have chosen just one institution to examine, the corporation. What is it? How did it become so powerful? Is it beyond the reach of politics, of governments? Can it be brought under control?

The formal nature of the corporation was defined in 1819 by Chief Justice Marshall of the U.S. Supreme Court as "an artificial being, invisible, intangible, existing only in contemplation of the law,—possessing among its most important properties, immortality and individuality, properties by which a perpetual succession of many persons are considered as the same, and may act as a single individual."

Now, the law may confer "immortality" on an institution but self-perpetuation requires something more than legal definition. What is also required is immunity—protection from external affects, pressures or influence. A government can be affected by and overthrown by voters; a church by the skepticism of its adherents. Vulnerability, i.e. responsibility to someone or something, is the enemy of immortality. Therefore, to be immortal is to be, first of all, invulnerable and in the case of the corporation, incapable of being grieviously wounded by external economic or political pressures. Through all changing circumstances, the corporation must be capable of continuous renewal and, even better, growth.

Corporations were formed, centuries before they were defined by Chief Justice Marshall, by groups of people to form municipalities, build canals and bridges, to carry on activities, religious and secular, that could best be performed by communities acting in concert. Commercial corporations have a different history. Falling into disfavour in England as a result of the South Sea Bubble, they were banned until 1825 but did not really revive until 1855 with the coming of limited liability, a necessary condition to the amassing of large sums of capital from a multitude of sources.

As originally conceived, there can be no quarrel with this form of organization for doing business. The corporation, as we know it today, is a completely different institution. It is truly an "artificial being", self-determining and possessed of an identity and form that is completely distinct from any of its parts, i.e. the people who own it or work within it.

What happens to the corporation if a number of owners decide to leave? Nothing. Their places are taken by others. We provide markets to facilitate these exchanges. The corporation is undistrubed, even oblivious to the change. Its nature, form and identity are as before.

Managements come and managements go. There is a little ceremony, a wristwatch or television set. The form of the corporation, of which these men and women were a part, is undisturbed. The whole is not only greater than the sum of the parts, owners and management and workers, it is completely separate from any of them. If the corporation is linked to anything, it is not people. The corporation, obviously I am speaking of the great ones, has outgrown the need for people except as passing elements. It will continue, to paraphrase the Prime Minister, like the universe to unfold as it may. The immortality with which it is endowed—I hesitate to include the Liberal party here although there are some who would enable it to survive the shocks and fluctuations to which mortals succumb.

Chief Justice Marshall defined the corporation as an organization "by which a perpetual succession of many persons are considered as the same, and may act as a single individual". The essence of the corporation, then, is continuity, an identity that survives the inexorable changing of the guard. One mistakes the whole notion of the corporation if one equates it with the people who temporarily represent it and manage it. These people have a role, of course, or they would not be there. As they pass through, it is their duty to service this "artificial being" so that its form and strength will not only be preserved, but grow. Growth in assets and material strength is its only law.

This is what Chief Justice Marshall did not foresee. By endowing the corporation with immortality and with complete autonomy following as a necessary consequence, an institution has been created by law that can grow without limit through time. As it grows, its strength bursts national boundaries and it seeks, demands the right to conquer space as well and so to range across the world. Just as it cannot be constrained by the people who work for it—try it and see how long you last—or the people who own it, the corporation now seeks freedom from the constraints of national governments and people's priorities, from social control.

The giant corporation embodies two ideas only, and nothing else, continuity and growth. If we think that they are large today, pick your favourite multinational and project its growth in assets by the year 2000, at some annually compounded rate of six, or eight or ten percent.

In describing the real thing, *The Economist*, March 16, 1974, carried an advertisement by Barclays Bank Limited, containing the Chairman's statement. His name does not matter for there will be other statements annually by other Chairmen. "A Year of Record Growth. Provision for the Future" was the headline. First things, first. That is the Chairman's duty if he wishes to remain Chairman. The corporation must grow.

Let me quote three excerpts from this remarkable statement to the owners, remarkable only because it is more frank than most.

"From our gross profits of $199 million we have set aside $15 million as a special provision and of the balance tax takes $88 million and dividends less than $15 million." So much for the owners!

"On the basis that sooner or later the wheel turns, we should take the cautious view that after two years of high profits, changing conditions may well make banking more difficult and the fact that the Joint Stock Banks have clearly got sufficient wool on their backs to meet any situation that arises, will give the public the confidence they need, not least because the great majority of the profits earned has remained in the business." Up the corporation!

"It is also worth recording that of the three parties who make up the bank, namely Stockholders, staff and customers, none has gained much from these profits. Customers do not need to be told how much interest rates have risen in the last year or two;

the increase in the salaries of our staff has been limited to about 7% per annum and that of the Stockholders dividend to 5% per annum, all this at a time of inflation of some 10% per annum.'' Down with the people!

Neither the customers, the staff nor the owners can be allowed to impede the continuity, the progress and the accelerating growth of the corporation in time to come. The giant corporation asserts itself. That is what autonomy means. Its force and strength are derived from within, the internal flows that it generates from the control of resources, the direction of markets and consumers' needs along the lines that best fit, not real needs but its own capacities. As it grows, it affects people more and is less and less affected by external forces, i.e. by people or by market.

The corporation becomes, in effect, a vehicle for the perpetual accumulation and growth of wealth. This is a far cry from the basis of free enterprise or laissez-faire economics, which depended upon an endless succession of new men, large numbers and mortal forms of business organization, the partnership and proprietorship, and effective competition. While corporate forms and limited liability are great improvements in methods of organizing business, their inordinate size, concentration and conglomerate form led Henry Simons, the founder of the Chicago school of free enterprise and market economics, to write in 1945, ''Having perhaps benefited briefly by corporate organization, America might now be better off if the corporate form had never been invented or never made available to free enterprise.'' What would that ardent defender of free enterprise and the market say, if he were alive today? In 1934, he had written, in ''A Positive Program for Laissez-Faire'', that the case for a free enterprise system rested on the abolition of private monopoly and the huge corporate, autonomous structures. That was forty years ago.

Four years ago, I was a member of a government which turned down Simons' proposals, in their Carter version, to save the free enterprise system by making the corporation responsible at least to its owners through integrating corporate and personal incomes. You all know what happened. This is the last thing that managements want and they descended on Ottawa in hordes to defeat the White Paper on Tax Reform. And so they are operating today, massive but friendless, without a constituency of support from their owners, their workers or their customers. As wealth piles up in corporate forms, the disparities that appear to ordinary men and women become a source of discontent, frustration and anger. The energy crisis is merely one sign of the tensions that are building up against a corporate capitalism that has come to dominate not only our economic life but our social and political structures as well. When two hundred and fifty firms; 1.2% of the total, control 63% of the assets in Canadian manufacturing, one cannot speak of an entrepreneurial and competitive economy.

Now Canadian Gas Arctic Study Limited is not the type of corporation that I have been describing. Gas Arctic is nothing more than a pawn, a service tool to be discarded once the gas has been removed from the Canadian North. It means, in itself, nothing more to Exxon, Standard Oil of Ohio, Atlantic Richfield, Gulf, Shell, etc., than a temporary vehicle to be employed for transporting out the wealth that will enrich and ensure their continuity and growth. Like owners, managements, workers and customers, Gas Arctic too will disappear once the gas is gone, to be replaced by other transportation systems elsewhere in the world. Gas Arctic is but a moving part in a perpetual succession of moving parts that ensures the immortality of the real resource giants to which Canadians in their wisdom have handed over their natural wealth.

Why any Canadian would want to invest in the Gas Arctic project completely escapes me. By its very nature, it is destined to be nothing more than a cost-plus project with very little plus. The more that Canadians, as individuals, or through their pension trust and insurance funds, invest, the more will the Exxons, Imperials, Gulfs and Shells be determined to keep the costs and profits down, for such profits, dividends or capital gains could only be at the expense of *their* growth and continuity.

I am not saying that investors will not get their money back. I am saying that they will get very little more.

Gas Arctic is and has been nothing more than a straw man. While the debate is raging over a transportation system, the real issue is not the pipeline but what is being moved through it. Who owns the wealth at point A and when it comes out at point B? Where will that terminus for the Canadian gas be? These are the fundamental issues. On this they have nothing to say except wait.

Having been a member of a Cabinet that was misled once by the estimates and projections of many of these very same people who are underwriting the Gas Arctic project, I will believe nothing about their projections of reserves, deliverability, demand etc., until they are proved independently beyond all reasonable doubt. But, let me say this. On the basis of what appears to be known at the present time, this project is not, in my view, financially viable and certainly not in its present form. Perhaps that is also Gas Arctic's view, for how else can one explain their hesitancy in placing before the Canadian people the vital economic and financial data by which we will be able to assess the impact of this project on our economy and our future as a nation?

Many of you have dismissed the objections raised by economists and other members of the university community as ivory tower theorizing and impractical star-gazing. Before the hearings of the National Energy Board are over, you may have reason to revise your views. At least four Canadian Universities are vitally interested in this mammoth proposal, B.C., Alberta, Dalhousie and, of course, McGill. We expect to be there. And so vast are the implications and the ground to be covered, that we do not expect there will be duplication in our presentations. We intend to waste no one's time. Who knows? Perhaps we will even be able to provide that mirror in which Canadians can see themselves, their values and the tensions in their society—a mirror which we all desperately need.

The appreciation of the audience was expressed by Mr. Leland Ausman.

APRIL 4,
1974

The National Broadcasting Dream

AN ADDRESS BY Laurent Picard,
PRESIDENT,
CANADIAN BROADCASTING CORPORATION

CHAIRMAN The President,
Robert L. Armstrong

MR. ARMSTRONG:

Distinguished guests, ladies and gentlemen: Approximately two years ago on the occasion of an address to this Club by the Chairman of the Canadian Radio Television Commission, the introducer, Alan Leal, referred to the rather rough voyage of the hero of Virgil's *Aeneid,* who was said to have been buffeted about by the violence and unrelenting anger of Juno. Although the terms violence and unrelenting anger are too harsh to provide an appropriate simile in relation to recent events, our hero of today has experienced a rather stormy passage before the CRTC and has come through the ordeal with colours flying.

The renewal by the Commission of the CBC's broadcasting licences has been granted but with certain priorities and restrictions related to an increase in the quantity of Canadian content and improvement in the quality of its programming capability. The CRTC recommends a substantial reduction in the disproportionate influence of merchandising on programme policies.

The public may justifiably ask who pays for the lack of commercial revenue? Presumably, it is the taxpayer and despite the apparent attitude of the tax collector, the well is not bottomless.

Professional athletes participating in televised sports events will have to be in even better physical condition if the pause for commercials is eliminated. At present, the spotlight in Toronto is on football and whereas the action in Canadian football in the old days used to be described as two bucks and a kick, inflation has caused the price to rise astronomically to more than 3,000,000 bucks for a package which still includes only one KIICK. The World Football League Northmen transaction appears to have made its Marc in Ottawa.

Laurent Picard was appointed President of the Canadian Broadcasting Corporation in August 1972, having been Executive Vice-President since April 1968. He obtained his baccalaureate in Arts and Philosophy, and later in Applied Sciences (Physics) from Laval University. In 1964 he received a Doctorate in Business Administration from Harvard.

A Professor in the Faculty of Commerce at Laval from 1955 to 1959, Mr. Picard was Research Associate and Assistant at the Harvard School of Business from 1960 to 1962. From 1962 to 1968 he was Professor and Associate Director at L'Ecole des Hautes Etudes Commerciales, University of Montreal.

Mr. Picard has provided research and consultative services for many industries.

In September 1973 he was appointed Trustee of the International Broadcast Institute, London, England and is also Trustee, British Commonwealth International News Film Agency Trust.

Mr. Picard is a member of the Boards of Directors of the National Theatre School of Canada, Telesat Canada, the University of Montreal, the National Film Board, the National Arts Centre and of the Advisory Council of the School of Public Administration at York University. He is a dedicated individual who has brought a fresh philosophy to the network and it is now with great pleasure that I ask you to welcome Mr. Laurent Picard, President of the Canadian Broadcasting Corporation, who will speak to us on the subject, ''The National Broadcasting Dream''.

Mr. Picard.

MR. PICARD:

Messieurs les invités de la table d'honneur, messieurs les membres du Empire Club, mesdames, messieurs, c'est avec un grand plaisir et c'est un grand honneur pour moi de pouvoir m'adresser à vous aujourd'hui. Je veux remercier l'introduction très flatteuse que vous avez fait de ma présentation aujourd'hui et vous parler de ce qu'il reste, that is what remains of the national broadcasting dream after the CRTC hearing. I'm in a very awkward position. I had a conventional speech and with the CRTC decision, the world around me has changed or as we say in strategy at the CBC, the environment has changed substantially.

On the other hand there are a number of processes, defined by the law, which we should follow before we can define exactly what our position is, or what the result of these hearings will be, so that I somewhat feel, not in legal terms but in moral terms in a *sub judice* position. So I will have to give you half a conventional speech and half a general statement about the CRTC decision which are not going to get into some of the basic problems but can express our fears and our reaction.

I think we've been asked to perform a miracle, and that's great. Though, I'm afraid sometimes of miracles. I'll always remember a story and I hope Father Fournier will not be embarrassed. It's a story of a young missionary going to Africa. His superior told him: "Any time you have a problem, pray to God." And here he faced a problem, the first day in the jungle. He's right in front of a lion and the lion is looking at him with tenderness, evaluating the size of the thing and ready to eat it. So the young priest fell on his knees and said "God, would you purify the intention of this lion?" At that very moment, a miracle happened. The lion fell on his knees and said "God is great, God is good, let us thank Him for this food."

So I am afraid of miracles. I cannot make many comments before I talk to the highest authority in the Corporation which is the Board of Directors. On the other hand, the newspapers have indicated that we are somewhat upset by some of the statements. We feel sometimes that one of the difficulties between policy-making and operation, or one critical thing in a good operation, is that the policy is related to the capacity of the operation and the operation is related to a well-set, well-organized set of policies or what you would call a strategy. If you live in an organization, if you work in an organization where the policy process and the operational process are in the same building, with the same team of managers, still the problem isn't easy to resolve.

I'm not saying that CBC doesn't have the right to define a strategy and policy, but it really creates a problem if too much detailed policy is defined outside the organization. It has a new level of complexity. And looking at the demands of the CRTC . . . when we were in front of the CRTC, we appeared with what we thought we could do in five years and we did that by over- stretching as much as we could all the resources of the Corporation. And I'm going to talk about these resources later on. But we really did take the view that we have no right to be defensive, no right to protect ourselves, that we should go to the limit.

Even though at 75% Canadian content, if one thinks of the problems of the Olympics, of the Commonwealth Games in '78, of the United Nations Environmental Meeting in British Columbia in '76,—four or five weeks before the Olympics,—if one thinks of the incredible impact of the Olympics on the Corporation, I'm sure you understand that an operation of that size has to be ready at a fixed date, contrary to Expo. If you're two weeks late with the Olympics it creates some sort of a problem. You've got to wait till 1996 to use your equipment. So, with this tension in the industry, and there is a great tension in the industry, I'm sure people here who are close to the electronics business know that the delay has been increased substantially, that the lead time has been decreased substantially. With all of these things and the tremendous impact of covering the equivalent of 47 hockey games in one day at the same time—that's what the Olympics is all about—for two weeks, all these problems are not solved easily.

There is, I think, a problem of growth. And contrary to maybe most people in the field, I'm more afraid of too great a growth than too slow a growth.

Looking back at the question of policy, or policy orientation set by another organization, and CBC at the operational end of that, again I claim the right for CBC to define its strategy and its policy. Keeping that in mind I was reminded of the story of the centipede. The centipede was suffering with arthritis and it was a terrible life with the number of legs he had. He couldn't sleep at night, there was always one of the legs, if not all of them, in bad shape and he was complaining all the time. So one of his friends said "There is in the forest, not very far from here, a very wise, old owl." Is that how you say that, owl? Let me use the word "hibou" because I have difficulty using owl. I'm sure any wise, old "hibou" must have some French blood in him. Anyhow, he said, "There is that very wise, old 'hibou' and he's been helping a number of people, why don't you go and talk to him about your problem." So he went there and explained to the "hibou" how it was impossible to live as a centipede with arthritis. And the "hibou" thought for a while and said: "I've got a solution. You're going to change yourself into a stork. This means that you're going to have only two legs and, more than that, half of the time you can stand on just one of them." And the centipede was flabbergasted. He said: "Do you know that's the greatest piece of advice I ever had in my life." "Now," he asked, "how do you do that?" And the "hibou" looked at him a bit insulted, and said: "Listen, I deal with policy, not with operations."

I think it's at least a sort of hypothesis to be studied, it's not totally right but I think it could be studied. Most large organizations, and I think I can say the CBC is a large organization, have faced great problems by a too-rapid rate of increase, too rapid a growth, by a contracting market. I don't know how true what I'm saying is or how general. But we all know examples of that, starting with General Dynamics, which has been a well-studied example of growth destroying a corporation, and which had to be rescued by government. We can think of some of the conglomerates in the last five years, of LTD, the problem of the price or what was called the price-fixing in GE, which could very well be interpreted as a problem of growth. I think we can list a number of large firms which have been, if not destroyed, paralysed, and which needed reorganization because of a too great rate of growth. And I have the feeling that with everything we're trying to do, the big danger of the Corporation is to try to do too much and by trying to do too much, not to succeed in doing well what is critical for it to do—its first priority —which I think is program quality.

I would just like to mention a number of things which are happening to the CBC now. Because of the demands of the public, and justified demands of the public, we have been working on—and I would like to thank the CRTC for having helped us in that regard—and have had approved an accelerated coverage plan to cover all small communities over 500 which don't receive any service now in their own language. This is a 50-million dollar project. It will take five years to do instead of ten. We have a northern plan which is fully developed but has not been approved in terms of timetable by the government or by Parliament.

We have an incredible problem in obsolescent equipment. Those who have followed the CRTC hearing or read TIME have heard or read the beautiful description of the Toronto plant by Norman Campbell. The Toronto plant needs to be rebuilt. We've got plans for that. We have more than plans, we have a model, we're moving in that direction. We still have some important problems to clarify but the direction is there and we'd like to move and move as soon as possible.

One other thing which has been asked of us is to bring regional programs to the network. To do that you have to have high-quality equipment and the capacity in the region. Vancouver consolidation is going to be completed in a year and a half from now. It will provide Vancouver with a much better basis to produce better programs, though Vancouver has been consistently producing excellent programs for the network. But we are not going to produce in Victoria until we have a station there. We are not going to produce in Moose Jaw/Regina until we have a station there which is something more than the kind of small operation that we have now. All over the country if we want to develop regional programming, develop the quality, we have to think of consolidating our facilities. We also have to deal with the fact that our equipment is obsolescent at a level of 30 million dollars below what it should be. Not only do we have to build new buildings, but the equipment we have now is substantially under standard and much too old. Not only is it obsolete in economical terms but it's obsolete also in physical terms. Those are some of the problems we have.

I read with some kind of misgiving a statement at the CRTC hearing which says "lack of determination, vigour and purpose in addressing the objectives of Parliament". That's a description of CBC. I must say I feel it's a bit like complaining of a lack of purpose if your taxi driver only gets you through Toronto traffic at 35 miles an hour, and you say to him if you were really acting with purpose to get me home you would drive at 100 miles an hour.

I don't believe that the job of the CBC is clearly understood, because of the tremendous spread and size of the country; its extreme complexity; the two networks and the fact that the Corporation has been under-financed in the past; the fact that it's also a very large country with a very small market, a very rich situation; and because the demands on the Corporation go in all directions. Not only are we a broadcasting organization, but also a public service.

And let me make that clear. The only problem is not necessarily the problem of money, it's also the problem of human resources. You don't develop creativity very fast. You need to experiment, you need to test, you need to make mistakes, or at least take the risk of making mistakes. And slowly you develop an environment which is more and more conducive to high quality programs. So the real question is not only a question of money. The whole question is one of defining your objectives very well and getting organized well. Marshall the resources of the organization to attain your objective.

And what are the resources of a broadcasting organization?

What are the critical ones? They are the creative people. And this is a very difficult aspect of the problem, to develop inside and outside the corporation, not only creativity, but the structure, the flexibility, that permits creativity to express itself. In an under-financed organization it's even a greater problem. I would like to mention some figures here. I was struck when I went to Japan, two or three years ago, looking at a city which had no high-rise apartments or buildings of any kind, if you leave aside two or three or five maybe, large hotels. Here were about twelve to fourteen million people served by one antenna. The same is true in London. The same is true in Paris. In Canada we need about 400 antennas to serve the same number of people. Those cities are a broadcaster's dream. Twelve, thirteen, maybe fifteen million people if you think of the suburbs, served by one antenna. That's the English population of this country and twice the French population of this country. It indicates the level of problems we have. CBC is one of the most decentralized organizations in broadcasting that I know of, and I have to say that there are a great number that I don't know of, that I haven't studied. I have to say also that data on broadcasting is hard to find, not always reliable, that the comparisons between figures don't always fit together, so that everything I say now cannot give an accurate picture, but it gives some kind of idea of the magnitude of the problem.

Osaka is the second largest city of Japan. I think it has about six million population and it is the centre for something like twenty million. It is the second richest part of Japan, about 350 miles from Tokyo. Osaka, the second largest city in Japan, has a station which produces less local and regional programming than one of the smaller cities of Canada, Corner Brook, with thirty thousand people. The CBC is decentralized to a point which challenges the imagination. Our production is 67% regional, 33% network. BBC is 33% regional, 67% network in a country which is very small. Japan which has a hundred million population or more spends 10% of its production in regions, as opposed to 90% network.

What strikes any person reading that, is that this country is based on regions, and it may be the unique characteristic of the country. I have nothing against that. If Canada is like that, so much the better, let's encourage it, let's develop it. But the fact is that at one point we have to realize the technical, personal and financial implications of a situation like that.

Now let me read you a couple of figures before we end up. We have made an analysis of the number of program hours per person produced in a year in radio and in television. Again I want to warn you about these figures. If you deal with general broadcasting, or if you deal with educational operations, the level of expenditure and cost of production and number of people are strikingly different. NHK, the company in Japan, is both in the ETV structure and in general broadcasting so that the efficiency of NHK tends to be inflated because of that, because half of their work is ETV work which takes a lot less in cost structure and much less in resources.

If we look at the hours per person in radio, CBC production averages 11.3 hours. Sweden, the second best, is 5.3. France, the third, of the ones we looked at, is 5.2. So the second and third best, their hours of production per person is half that of Canada. BBC is 2.5, one fourth the production of the Canadian Broadcasting Corporation. And finally Japan, that we've described so much as the epitome and the paragon of efficiency is 2.1, one fifth of CBC.

On television, hours per person 1.4 in CBC. Second is Sweden with 0.9. Third is Japan with 0.8. Fourth is France with 0.6, and fifth is BBC with 0.2.

Now again let me warn you I am not giving these examples as if you could compare these things. I am not saying that Japan is doing a worse job, because it is so different, because if you do a ballet, if your schedule is crowded with large undertakings and drama, it obviously takes a lot more than something else. So we are not really talking about efficiency, I am not trying to say here are the bad guys and the good guys. What I am trying to say is look at the resources involved in the production of CBC as opposed to the others. These figures tell us something.

Now we should think about these things—a country which is so vast, in a country which has tremendous problems of communication, where there is a great number of small communities, when the north by itself presents a problem, where we all know it has been recognized at the CRTC hearing that we are under-financed, where we have to use 400 transmitters to do the job that one does in Japan. The President of NHK and, for that matter, the Director-General of the BBC, both say they need more money for coverage, and their budgets are substantially higher than the CBC, even *much* higher if we look at them in terms of purchasing power rather than the equivalent of the dollar.

A pound is worth $2.50 or $2.30 but a pound of purchasing power in England in terms of work and equipment is worth much more than that because the costs are lower and the salaries are lower. When you look at that I think you have a better picture of what the Corporation is all about.

It's not without admiration that I look at some of my predecessors who have built the CBC. I am told that the CBC was built in five years and the American networks were built in ten years. It's much smaller than some of the American networks but the complexity of the problem is much greater. This is what the CBC is. I think that if you look at the under-financing, if you look at the tremendous pressure on the people, if you look at the royal commissions through the years, if you look at all that you find out that it's very hard to say that the CBC doesn't show purpose, determination, and vigour in implementing the objectives established by Parliament.

I would like to thank you very much for your attention. I feel very much at ease, I hope rightly so, in a business environment. I think some of this data has a meaning for you and this is why I wanted to talk about it. So having said that, I am going to state again that I am not going to talk about the CRTC decision. Thank you very much.

The appreciation of the audience was expressed by H. Allan Leal, Q.C.

APRIL 18, 1974

Toward Commonwealth Unity through the Sims Travelling Professorship

AN ADDRESS BY Robert B. Salter, M.D., M.S.,
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CHAIRMAN The President,
Robert L. Armstrong

MR. ARMSTRONG:

Mr. Consul General, distinguished guests, ladies and gentlemen: The Constitution of The Empire Club of Canada appears in each issue of the Year Book. The present Constitution states in part that the purpose and object of the Club is to promote the interests of Canada and the British Commonwealth by the consideration and discussion of subjects and events relating thereto and by any other means appropriate to the facilities of the Club.

The message which we are to receive from our guest of honour today represents in classic tradition the purpose of the Club, since his address is entitled "Toward Commmonwealth Unity through the Sims Professorship".

Dr. Robert B. Salter, whose honours and awards literally fill pages, is Surgeon-in-Chief at the Hospital for Sick Children and

Professor of Surgery at the University of Toronto. He will report to us on his tour as the 1973 Sir Arthur Sims Commonwealth Travelling Professor. His appointment to the Sims Professorship by the Royal College of Surgeons of England represents one of the highest academic honours in the Commonwealth. It carries responsibility in diplomacy and international relations in addition to teaching. The Professorship was endowed in 1946 by the late Sir Arthur Sims with the objective of establishing "closer links between scientific workers in the Commonwealth and in the older seats of learning and centres of research for the benefit of people of all nations and a contribution to Commonwealth Unity". And who more qualified to fulfil this objective than the internationally renowned orthopaedic surgeon-scientist-teacher who graces our meeting with his presence today.

Dr. Salter, a seventh-generation Canadian, was born in Stratford, Ontario, and received his secondary school and University education in Toronto, graduating with the degree of M.D. in 1947. His graduate training included internship at Toronto Western Hospital, Grenfell Mission Hospital in Newfoundland, the Gallie Course in Surgery, Toronto Western Hospital, the Hospital for Sick Children and Sunnybrook Hospital, Toronto, and the McLaughlin Travelling Fellowship, the London Hospital, London, England. His postgraduate qualifications include Master of Surgery, and Fellowships in several Royal and other Colleges of Surgeons. His theses, scientific papers and books are legion.

The caduceus, the herald's wand, which symbolizes to us the physician, was the attribute of Hermes, god of commerce and peace among the Greeks. It was the distinctive mark of heralds and ambassadors whose persons it rendered inviolable. Dr. Harold Cranfield, an illustrious Past President of this Club, who persuaded our guest of honour to address the Club, may place a different interpretation on the mythological and historical significance of the symbol of healing, but I like to think the description I have attempted to give is appropriate on this occasion.

Dr. Salter's Convocation address to the annual meeting of the Royal College of Physicians and Surgeons of Canada in January 1973 was entitled, "Unto Whomsoever Much Has Been Given, Of Him Shall be Much Required". This philosophy together with the theme of the Hippocratic Oath, especially the portion "I will impart this art by precept, by lecture and by every mode of teaching" exemplify his high professional standards. He is the epitome of Hippocrates and the antithesis of hypocrisy.

Dr. Salter is active in the propagation of early Canadian history and has taken great pride in the restoration of a Canadian pioneer log house in the country. He may be seen driving his favourite 1949 Allard topless sports car about Toronto.

Ladies and gentlemen, it is a distinct privilege to present to you Dr. Robert B. Salter.

DR. SALTER:

Mr. President, Mr. Minister, Mr. Consul General, other distinguished guests, members of the Empire Club of Canada, ladies and gentlemen: Thank you Mr. Armstrong for your complimentary introduction. The occasional compliment probably doesn't do any of us much harm —provided that we don't inhale! Thank you, also, for inviting a spiritual companion of mine—Canon Arthur Chote—to say Grace on this occasion. I am cognisant of the traditional excellence of the introductions of speakers by Empire Club Presidents—an excellence that presumably each speaker from this renowned rostrum is challenged to match!

It is an honour to have been invited by your President to address the prestigious Empire Club of Canada. The invitation was initiated, however, by one of your illustrious Past Presidents, Dr. Harold Cranfield, a long-time personal friend and medical colleague for whom I have such great respect that I really had no choice but to accept and indeed was pleased to do so. Dr. Cranfield graciously gave me a bound volume of *The Empire Club Addresses 1970-71*, that is, those delivered during his Presidency, and as a potential speaker to this Club I found these addresses particularly stimulating and even awe-inspiring!

The fact that since 1970, bound volumes of the Empire Club Addresses have been presented annually to every Secondary School Library and every Public Library across the Dominion of Canada is a tribute to the generosity and farsightedness of those among you who have created the Empire Club Foundation—and in particular, the late Mr. John Corrigan who was also a Canadian leader in "World Literacy".

The choice of subject for my address merits explanation. When Dr. Cranfield suggested to the President that I address you he was aware that I had recently returned from a four-month teaching assignment as a Visiting Professor in universities throughout the United Kingdom and South Africa. He felt that some aspects of this assignment would be of interest to you in view of your abiding enthusiasm about Commonwealth affairs—an enthusiasm that is well documented in your publications.

In an excerpt from the Empire Club Year Book of 1903 one reads that: "The Chairman in a brief speech pointed to the desirability of an organization following the plan of weekly meetings, to be addressed by prominent men, or men speaking with authority upon issues of the day, and having also a distinctive basis of British Unity in its work and policy." In lighter vein, since this statement would almost seem to mean *either* prominent men *or* men speaking with authority, any invited speaker can only hope that these two criteria are not mutually exclusive!

In the 1967 Amendment of the Empire Club's Constitution one reads that the "purpose and object of the club is to promote the interests of Canada and the British Commonwealth by the consideration and discussion of subjects and events relating thereto". Although all of you are familiar with these statements I repeat them to put this address in perspective.

Speaking firstly of Canada, I wonder how many Canadians are aware that the name of our country arose from an instance of mistaken identity. While an Indian Chief called Donnacona was showing Jacques Cartier his village—near the present site of

Quebec City—he used the word *Kanatta*, an Iroquois word meaning a collection of huts. Cartier mistakenly assumed that this was the Indian name for the entire country and he entered his own spelling of the name— *Canada* —in his records. This instance of mistaken identity, however, does not justify the confusion among many in our country about our Canadian identity. Fortunately, the ''identity crisis'' for many Canadians, and our previous national inferiority complex were overcome by our Centennial Celebrations as we came to appreciate that the only justificiation for a national inferiority complex would, in fact, be a national inferiority—an inferiority as yet unproven.

Because of your dual allegiance to Canada and the Commonwealth I have chosen to speak on the subject of ''Commonwealth Unity Through the Sims Travelling Professorship''. But first a few definitions, for as Voltaire has said, ''if you wish to converse with me, define your terms''.

The Commonwealth, being unique, almost defies definition. As you know, it is not really the successor to the British Empire, but rather it is a completely voluntary, international association of thirty-three self-governing nations of diverse races, religions, economies and political systems. Each and every one of these nations, having gained their independence from the British Empire, chose to be members of the Commonwealth because they felt that they shared common principles and goals. In this vast association, which comprises one quarter of the world's population, there is, in effect, neither central authority, nor political structure and yet all thirty-three nations recognize Her Majesty the Queen of England as Head of the Commonwealth.

And so, among the Commonwealth nations, competition has given way to communication. No longer can one Commonwealth nation say ''Hurrah for our side'' except, of course, in Commonwealth Games. The expression ''Hurrah for our side'', by the way, did not originate as you might have thought from the playing fields of Rugby and Eton but rather from a group of bystanders in Coventry—when Lady Godiva rode side-saddle down the main street!

It is of interest that the term *commonwealth* is derived from the medieval English word *"commonweal"* which means common well-being. Thus it is not surprising that the developed member nations of the Commonwealth—such as the United Kingdom, Canada, Australia and New Zealand—have provided substantial aid for the less well-developed member nations, such as those in Asia, Africa and the Caribbean.

What do we mean by *Commonwealth Unity?* Obviously we do not mean oneness or uniformity in all matters within the entire Commonwealth for such can lead only to mediocrity. Perhaps what we should be striving toward is the concept that epitomizes the ecumenical movement in our churches—six simple words that say it all—"In essentials, unity; in non-essentials, charity."

Continuing with our definitions let us look at the term *Travelling Professor* which is synonymous with Visiting Professor and which is sometimes referred to in our current age of air travel as "Airport Professor". It used to be said that Professors were those persons who went to university—and never got out! Actually, many Professors do get out, at least from time to time, as a Visiting Professor, namely "one who is invited to teach and share ideas in another university for a limited period".

The concept of a Visiting Professor is, by its very nature, limited to those fields of endeavour that are not competitive in a financial sense—fields such as the Humanities and Sciences, including the Health Sciences. Indeed, medicine is the only profession that labours incessantly—through research and preventive measures—to destroy the very reason for its own existence.

When a Visiting Professor of Surgery teaches in another university he is expected to share his knowledge and experience freely and completely with his colleagues, to elucidate his latest research work and to explain his newly-developed techniques of surgical treatment. There can never by any place for "trade secrets" or "classified information" within the medical profession, whereas such are an accepted part of commercial competition in business and industry. For example, it would be unthinkable for an industrial research engineer from a corporation such as General Motors to go to Britain as a "visiting engineer" to share his latest industrial research with his counterparts in Leyland Motors—or go to Germany to discuss his company's "trade secrets" with his competitors in Mercedes Benz.

In developing an understanding between people of various countries there is nothing quite so effective as visiting one another—of meeting face to face to discuss mutual problems in the spirit of mutual benefit. Nothing is so helpful in overcoming prejudice as first-hand knowledge; indeed prejudice has been defined as "being down on something we are not up on".

This is why the concept of a Travelling or Visiting Professor has become so effective in strengthening the bonds between individuals and institutions of various countries.

Such international visits are facilitated by our jet-paced world in which it is possible to have one's breakfast in Toronto, lunch in London, dinner in Rome—and one's baggage in Bierut!

What is the significance of the name Sims in the title of this address? The late Sir Arthur Sims was a New Zealand-born industrialist and philanthropist who spent much of his business career in England. In 1946, motivated by his enthusiastic support of the Commonwealth, he donated money to the Royal College of Surgeons of England to establish a Commonwealth Travelling Professorship. The Royal College—in appreciation of Sir Arthur's munificence—named it the Sims Commonwealth Travelling Professorship.

The objects of the Sims Professorship, as stated in the Royal College Notes for Newly Appointed Professors are: "the establishment of closer links between scientific workers in the Commonwealth and in the older seats of learning and centres of research; the benefit thereby of the people of all nations; and a contribution to Commonwealth unity". You will have noticed from this statement of objects that although "a contribution to Commonwealth unity" was considered to be a prime object, an equally important object was "the benefit thereby of the people of all nations": and this is as it should be since medicine must be ubiquitous. The stated duties include the following: "The Professor is required to travel from his own University to other parts of the Commonwealth for the purpose of assisting in the advancement of medical science by lecturing, teaching or engaging in research. The duty is ambassadorial as well as academic." The usual tour of duty is approximately four months.

Since 1946 a total of forty-five Sims Commonwealth Professors have been appointed from among the various medical and surgical specialties in the broad field of medicine. Over half of these Professors have been from the United Kingdom, the remainder having been from Australia, New Zealand and Canada. At this point you may be wondering just how the Sims Travelling Professor is selected. Every year, each of the Commonwealth Colleges of Physicians and Colleges of Surgeons proposes the name of one or more candidates from its College to the Sims Advisory Board which is composed of the Presidents of six of the Commonwealth Colleges. It is this rather impressive international Advisory Board that makes the selection.

Of the forty-four previous Sims Commonwealth Travelling Professors, seven have been fellow Canadians and I am pleased to have this opportunity to pay tribute to them. They are: Robert B. Kerr, Vancouver, a physician; Walter C. MacKenzie, Edmonton, a surgeon; Angus D. McLachlin, London, a surgeon; the late Robert I. Harris, Toronto, an orthopaedic surgeon; the late Robert M. Janes, Toronto, a surgeon; A. Laurence Chute, Toronto, a paediatrician, and Jacques Genest, Montreal, a medical scientist. Since only three of the previous forty-four Sims Professors had been orthopaedic surgeons, and since each of these men took up their Professorship in Commonwealth countries outside the United Kingdom, it was my privilege to be the first orthopaedic surgeon to serve in the United Kingdom in this capacity.

The invitation to accept this arduous academic commitment came well over a year before it was to begin and this "lead-time" was most helpful because of the number of arrangements that had to be made in relation to one's responsibilities to family, to the hospital and to the university. In the Royal College Notes for Newly Appointed Professors, my wife and I were both delighted to read the following section: "The Advisory Board consider it most important that the Professor's wife should accompany him if this is humanly possible, for she can render valuable assistance in a secretarial capacity and in respect of the many social commitments involved." These, of course, are but two of the cogent reasons why the Professor and his wife should share the exhilarating experience, as well as the combined commitment, of such a remarkable tour as the Sims Commonwealth Professorship. I am pleased to have this opportunity to publicly record my indebtedness to my wife for the magnificent way in which she played her ambassadorial role throughout the four-month assignment. I agree with the adage that behind every successful man there stands a wonderful wife—and also, one might add, an astonished mother-in-law!

Our itinerary included orthopaedic centres in England, Wales, Scotland, Northern and Southern Ireland, South Africa and Rhodesia. But why, you might well ask, South Africa and Rhodesia which are no longer part of the Commonwealth? The answer is that medicine knows no geographic boundaries and must be above international political differences. Thus, from a medical and academic point of view, South Africa and Rhodesia are as much a part of the Commonwealth today as they ever were.

What is involved in the preparation for a four-month Travelling Professorship that will include academic visits to thirty-four centres? In addition to much prior correspondence with each of these centres it was necessary to prepare a total of twenty-one separate lectures—complete with teaching slides. Of these lectures, some concerned clinical conditions, some concerned surgical research and some were combined; most were for postgraduate audiences and some were for undergraduate medical students. The preparation of up-to-date manuscripts and visual aids for these twenty-one lectures was both challenging and time-consuming; indeed a total of 1,500 glass-mounted slides had to be amassed and the weight of these was seventy pounds!

Being fragile, these slides had to be carried as hand luggage in one very large suitcase and this, as you might imagine, stimulated some interesting dialogue with numerous airport officials.

Each newly-appointed Sims Professor must decide upon his own personal aims and objectives—both academic and ambassadorial—based upon his particular interests and capabilities. I decided upon the following: First, the academic aims and objectives:

1. Encourage an enquiring attitude of mind.
2. Emphasize a scientific approach to orthopaedic surgery.
3. Teach and demonstrate accurate assessment of patients —and hence, accurate diagnosis.
4. Stress clinical judgment in treatment—the selection of the optimum form of treatment for a given patient as an individual.
5. Exemplify the Art of Medicine—by demonstrating concern and compassion for patients as individual human beings.
6. Demonstrate methods of teaching—both in the lecture theatre and at the bedside.
7. Invite a free exchange of ideas among colleagues.

Secondly, the ambassadorial aims and objectives:

1. Enhance the function of the various Commonwealth Surgical Colleges in their own countries.
2. Strengthen the bonds between these Surgical Colleges and the Canadian Royal College.
3. Increase the links between orthopaedic surgeons in the countries visited and orthopaedic surgeons in Canada.
4. Encourage and support the academic orthopaedic leaders in each centre.
5. Renew old friendships and establish new friendships.

During the four-month Sims Professorship I was constantly aware of serving as an overseas ambassador for many groups —the Hospital for Sick Children, the University of Toronto, the Canadian Orthopaedic Association, the Royal College of Physicians and Surgeons of Canada and, in a sense, all Canadians—all of which serves as a tremendous stimulus to perform to the best of one's ability in order to enhance the Canadian image abroad.

A brief summary of academic activities during the four-month assignment may be of interest to you. Of the thirty-four cities visited, twenty-four were university centres. Of course, in each centre, there was more than one medical institution to be visited—the total number being eighty-nine. The total number of lectures delivered over the four months was one hundred and five. More demanding even than the lectures, however, were the clinical case conferences in which an average of six "problem patients" were presented by the local surgeons for discussion and resolution by the Visiting Professor. A total of sixty-seven such conferences were conducted and approximately four hundred "problem patients" were discussed in detail. In addition it was necessary to review and offer advice on twenty-two research projects and seventy-five clinical papers presented by colleagues.

While the days were filled with teaching, the evenings were filled with social engagements. Indeed at the end of each long day of teaching the role changed from that of a Visiting Professor to that of a Visiting Fireman—the latter being defined as "a visiting dignitary whom it is desirable to entertain impressively". Nevertheless these nightly social commitments afforded us the opportunity to achieve some of the ambassadorial objectives of the tour.

Moving continually from one centre to another and meeting an entirely different group of orthopaedic surgeons every three to four days can be fatiguing; it is somewhat comparable to the situation of "one horse and many riders". Thus, one of the many qualities a Sims Professor must possess is stamina. My wife and I found that by living in moderation and in what Sir William Osler referred to as "day-tight compartments" we were able to finish the tour with as much vigour and enthusiasm as we had brought to its beginning.

In approximately half of the centres on our itinerary we stayed in the private homes of orthopaedic colleagues whom we had known previously and in the remaining half we stayed in hotels. The youngest of our five children—Luke, a ten-year-old boy—accompanied us to the United Kingdom and was enrolled for the four-month period in the Dragon School, a well-known British boarding Prep School in Oxford. Consequently, on Sundays whenever possible, we journeyed to Oxford to visit him and were consistently delighted with the high calibre of his English education. As he rapidly became bilingual—that is, Canadian and English—expressions such as ''Mom'' and ''Dad'' soon became ''Mothah'' and ''Fathah''.

One of the duties of the Sims Commonwealth Professor is to prepare an extensive report—approximately one hundred pages—for the Royal College of Surgeons of England. Although the commitment, as already mentioned, is mainly academic and ambassadorial, the Sims Professor is expected, in addition, to assess and report on his impressions of a number of important issues in each country visited—issues such as patient care, medical education and research. Such impressions, of course, are likely to be somewhat subjective rather than objective being based on relatively incomplete factual information.

1. PATIENT CARE.

I am favourably impressed by the continuing high standard of orthopaedic patient care—even in smaller communities—throughout the United Kingdom, Southern Ireland, South Africa and Rhodesia despite the relatively low ratio of orthopaedic surgeons to patient populations in all of these countries, that is, relatively low compared to the ratio in Canada and the United States. It would seem, for example in the United Kingdom, that an individual patient with an urgent clinical problem, either an acute illness or a serious accident—regardless of his financial or social status, or his place of domain—is likely to have as good or better access to the system of health care than he would have in all but the major centres in Canada. I was particularly impressed by the high standard of care of the injured in the troubled area of Belfast! Because of the relative paucity of orthopaedic surgeons as well as the inadequate number of associated specialists and the inadequate number of hospital beds, however, the size of the waiting list (and consequently the length of wait) for elective or non-urgent orthopaedic operations remains excessive in most centres.

The majority of university centres visited demonstrated a realistically progressive, and even innovative, approach to orthopaedic problems. Indeed, British orthopaedic surgeons, lead by Professor John Charnley, have been the world pioneers in the development of the "total artificial hip joint" operation for adults with disabling arthritis of the hip—one of the most significant technical advances in orthopaedic surgery in this century.

2. EDUCATION.

A. Undergraduate Education.

In general, the undergraduate medical curriculum in the twenty-four Medical Schools visited is somewhat less highly structured and along more traditional lines than is the current curriculum in many Canadian universities. Nevertheless the skill and enthusiasm of the individual teachers is outstanding. The use of peripheral or Regional Hospitals outside the University centre for the teaching of medical students—a venture already embarked upon by the University of Manchester and others—is a new and imaginative concept that may have to be adopted by some of our Canadian Medical Schools since many of the established Teaching Hospitals in major cities are experiencing a progressive decline in the numbers of patients being referred with the more common types of disorders and injuries that are most appropriate for undergraduate teaching. Furthermore, if we continue to increase the enrolment of medical students in each of our Canadian Medical Schools—it seems inevitable that we will—the present number of established Teaching Hospitals will be inadequate and we will have to follow Britain's example of using additional hospitals in communities outside the University city.

Many of the British and South African university undergraduate teachers seemed to feel that their current medical students "are not of the calibre they used to be in the good old days''. This has undoubtedly been a common feeling among teachers throughout the ages. We must remember, however, that the expression ''the good old days'' is the same expression that will be used in the year 2000 to describe the 1970's. Personally, I found the medical students with whom I had discussions to be just as bright, alert, keen and receptive as our Canadian students. Furthermore, it is encouraging to observe that throughout the world medical students of today exhibit a much greater social conscience than did students of a generation ago.

B. Postgraduate Education.

The time-honoured apprentice-type training of surgeons in the United Kingdom and South Africa is rapidly changing to a system more comparable to the highly structured and intense postgraduate surgical training in Canada. During the last few years it has been my privilege to be a Canadian representative at two Joint Conferences of Commonwealth Surgical Colleges —one in Scotland and the other in Canada. The main purpose of these conferences has been to develop some degree of uniformity in the training and examination of young surgeons and hence some hope of reciprocity in their surgical qualifications. This is another example of Commonwealth unity within the medical profession.

3. RESEARCH.

The current climate for either basic or applied experimental investigation is not favourable in any country because of the relatively inadequate amount of government funding of research. This problem is compounded in the United Kingdom because of the dearth of young surgeon-scientists who can find the time from their heavy clinical responsibilities to work in research laboratories. Nevertheless, in the United Kingdom there is some excellent research being conducted by orthopaedic surgeons in collaboration with engineers in a relatively new field known as *bio-engineering* —with particular reference to the development of artificial joint replacements for knees, shoulders, and elbows. The standard of surgical research that I did see was very high indeed.

In concluding this address I would like to make a few philosophical comments. The following reference to the Sims Commonwealth Travelling Professorship from Sir Arthur's obituary in the Annals of the Royal College of Surgeons of England in 1969 is particularly pertinent. "... the visits permitted a free exchange of ideas, and the Travelling Professors gained as much as they gave, besides enjoying what was for many of them the most memorable experience in their lives." With this statement Mrs. Salter and I heartily concur!

The following quotation from the mathematical genius, Albert Einstein is also apposite: "Many times a day I realize how much my inner and outer life is built upon the labours of my fellow men, both living and dead, and how earnestly I must exert myself in order to give in return as much as I have received."

Nineteen centuries before Einstein, St. Luke, the beloved physician, expressed this concept even more simply when he wrote, "Unto whomsoever much has been given, of him shall be much required." Mrs. Salter and I feel that in having been appointed the 1973 Sims Commonwealth Travelling Professor and his wife we have been given much. In return we have endeavoured, to the best of our combined ability, to meet that which has been required of us. In doing so, I trust that we will have served as reasonable ambassadors for our fellow Canadians—including each of you—and that we will have fulfilled the previously quoted objects envisioned by the late Sir Arthur Sims, namely "the establishment of closer links between scientific workers in the Commonwealth and in the older seats of learning and centres of research; the benefit thereby of the people of all nations; and a contribution to Commonwealth unity"!

I thank you.

The appreciation of the audience was expressed by Dr. Harold V. Cranfield.

APRIL 25, 1974

President's Report—Annual General Meeting

CHAIRMAN The President,
Robert L. Armstrong

MR. ARMSTRONG:

This is the Annual Meeting of the Empire Club of Canada, and we must dispense with certain formalities before proceeding with our regular business. May I therefore ask your indulgence as I present my report for the Club Year 1973-74.

We have been privileged to welcome thirty speakers to this rostrum since the beginning of my term of office, including four joint meetings with The Canadian Club of Toronto. Several visitors, all internationally known, brought us timely and interesting messages from other lands. Included in this category were: Prime Minister Indira Gandhi of India; William Rees-Mogg, Editor of *The Times* of London; David Nicolson, Chairman of the Board of British Airways; Walter Scheel, Vice Chancellor and Foreign Minister of the Federal Republic of Germany; Emile Van Lennip, Secretary-General, Organization for Co-operation and Development, Paris, France; John J. Riccardo, President of Chrysler Corporation; His Eminence Paul Emile Cardinal Léger of the Cameroon Republic; Hugh Sidey, Washington Bureau Chief of *Time* magazine, who gave us a fascinating address on the Presidency, and Louis O. Kelso, Corporate Attorney and Economist of San Francisco. Canadian and provincial politicians included the Honourable Alastair Gillespie; James F. Gillies; the Honourable Darcy McKeough; the Honourable Guy Saint Pierre of Quebec; Premier Alex Campbell of Prince Edward Island; the Honourable Donald

Macdonald and most important of all, our guest of honour today, the Premier of Ontario, the Honourable William G. Davis. Mayor David Crombie reported to us on his plans for Toronto and Pierre Berton, "Mr. National Dream", took us on a picturesque journey down his beloved Klondike. We recognized the Centennial Year of the colourful Royal Canadian Mounted Police with a stirring message from Commissioner W. L. Higgitt. Two internationally famous and renowned Canadian medical men, Dr. Gustave Gingras and Dr. Robert Salter reported to us on exciting developments in their profession in China and the Commonwealth, respectively. On January 17, 1974 when the Honourable Walter L. Gordon was our speaker, we had as a head table guest the then Lieutenant Governor Designate, now the Honourable Pauline McGibbon. By coincidence, her acceptance of the appointment as Her Majesty's representative in Ontario was announced by the Prime Minister's office that very day. William Wilder spoke to us on the gigantic Arctic Gas project and later in the season Professor, the Honourable Eric Kierans in his usual controversial fashion, endeavoured to de-energise the whole idea. Yves Pratte, Q.C., Chairman of Air Canada, highlighted the development of our National Airline and Dr. Laurent Picard, President of the CBC brought us up to date on the subject of radio and television in Canada. Richard Rohmer of Mid-Canada Development and *Ultimatum* fame assailed the federal bureaucracy, and two of our most eloquent speakers were Past President Ian Macdonald, President-Elect of York University and presently Chief Mandarin in our provincial civil service, and H. Alan Leal one of our directors, who is Chairman of the Ontario Law Reform Commission. The calibre of all these speakers is in keeping with the high standards set by The Empire Club of Canada as a dignified forum of national and international repute for the presentation of matters of interest and importance to concerned citizens.

One of the highlights of the year is our Christmas Luncheon and we were again honoured by the presence of the Lieutenant Governor, the Honourable Ross Macdonald, our

Honorary Vice-President, who has served our Queen and the Province of Ontario with grace and dignity. Appropriate glorious Christmas music was contributed by the Gentlemen and Boys Choir of St. Simon's Church.

The past year has not been without sorrow, and it is with deep regret that we record the loss through death of our Senior Past-President, Major James Baxter, President 1933-34, and Dr. C. C. Goldring, President 1955-56. The Empire Club benefited greatly by their outstanding contributions.

Average attendance at our weekly meetings was 340 and unfortunately on two or three occasions we were unable to accommodate all who sought admittance. We are greatly indebted to the staff of the Royal York Hotel and I am pleased to express publicly our appreciation for their co-operation.

The financial condition of the club is excellent. I found it that way at the time of my accession to the Presidency one year ago and through the capable financial management of our Treasurer, our position has improved over the year. The members' equity, or net worth of the Club, has increased in the past year by $5,000 to $21,000 with no increase in fees charged. Total membership stands at 2,486 and although the liquidating value is $8.44 per member, I can assure you that we have no intention of winding up and making a distribution.

We are greatly indebted to The Empire Club Foundation which has assumed the cost of producing the Yearbook, which is distributed to approximately 3,500 libraries from coast to coast, including every public, university, college and high school library in Canada. The Empire Club Foundation is a registered charitable foundation and enjoys the support of benefactors who contribute $250.00 annually and donors who contribute lesser amounts.

This Club does not function without the meaningful support in time, effort and enthusiasm of a large number of dedicated people. I shall not single out individuals but I do thank our officers, past-presidents, directors, our Club secretary, my own secretary and indeed, the secretaries of many of our directors and officers, for their faithful and untiring assistance which made my duties so pleasant. I thank the members of the Club for the honour and privilege of serving as your President. You have all made my year a most enjoyable one.

I respectfully submit this report.

MR. ARMSTRONG:

Our immediate Past-President, Joseph H. Potts, one of Her Majesty's Counsel, Chairman of the Nominating Committee, will now present the Report of that Committee.

MR. POTTS:

Mr. President, Mr. Premier, Reverend Sir, ladies and gentlemen: The constitution of the Empire Club provides for a Nominating Committee consisting of five members of the Board of Directors and four other regular members of the Club. Your Nominating Committee in respect to this Annual Meeting was composed of the following persons:

A. *From the Board of Directors*
  Mr. H. N. R. Jackman
  Mr. W. M. Karn
  Mr. John MacNaughton
  Dr. James A. Parish
  Mr. Joseph H. Potts (Chairman)

B. *From the General Membership*
  Mr. Marvin Gelber
  Mr. Ronald Goodall
  Mr. Graham Gore
  Mr. Bruce Legge

C. *Ex Officio*
  The President, Mr. Robert L. Armstrong

Your Nominating Committee has a dual responsibility. In the first instance we are required to place in nomination at the

Annual Meeting the names of forty members, including at least four past-presidents, for election as directors by the members themselves and also the name of one member for election as the Honorary Auditor. In the second instance we are required to place in nomination the names of members for election as officers by the new Board of Directors.

Your Committee respectfully nominates the following members for re-election as Directors, all of whom have agreed to serve if elected:

Sheriff Philip J. Ambrose
Mr. Donald H. Bath
Mr. Donald H. Carlisle
Sir Arthur Chetwynd, Bt.
Dr. Clarence Crummey
Mr. Marcel Desautels
Dr. Emerson Dowd
Mr. Carlyle Dunbar
Mr. Hugh Franks
Mr. Peter Hermant
Mr. Charles Hoffman
Lt. Col. Peter Hunter, C.D.
Mr. William Karn
Mr. Alex Langford
Mr. H. Allan Leal
Mr. John MacNaughton
Mr. Vladan Milic
Dr. James Parish
Hon. John P. Robarts
Mr. Pat Ryley
Mr. Edwin H. Shuter
Mr. John Strathy
Mr. Gordon Swayze
Rev. Robert Watt
Mr. William Whiteacre

and, as Past-Presidents:

Mr. Robert Armstrong
Dr. Harold Cranfield
Mr. H. N. R. Jackman
Mr. Joseph H. Potts

Your Committee respectfully nominates the following eleven members for election as new directors. We do so confident that these members, if elected, would make a significant contribution to the work of the Board of Directors and thereby to the Club itself.

Mr. Ian Collins—a student at law and publisher of *The Quarterly of Canadian Studies* for the Secondary Schools.
Mr. Charles Dalton—Officer Commanding, Baker Company, Queen's Own Rifles of Canada on the D-Day Landing and sometime Executive Vice-President, Canadian Breweries Limited.
Mr. John Fisher—sometime Canada's Centennial Commissioner.
Mr. Duncan Green—Director of Education, City of Toronto.
Colonel R. W. Lewis—currently the Club's Secretary and Secretary-Treasurer of the Parking Authority of Toronto.
Mr. John Herrick—Chairman of the Board, General Mills Canada Ltd.
Mr. Malcolm McIntyre—sometime Secretary to the Cabinet of Ontario.
Mr. Ian McPhail—lawyer with Blackwell, Law, Treadgold and Armstrong.
Mr. Hugh Stewart—Branch Manager, Bank of Montreal.
Mr. Terrence Tyers—Vice-President, Winzen Corporation Ltd.
Mr. William Wiltshire—Manager, Business Development, Pitfield, MacKay, Ross & Company Limited, Investment Dealers.

Your Committee is particularly pleased to place in nomination the name of H. T. Jamieson, F.C.A. as Honorary Auditor.

Mr. Jamieson has kindly agreed to serve his forty-seventh gratuitous term in this office. It is also interesting to note that Mr. Jamieson served on the Executive Committee for four years prior to being appointed as Honorary Auditor so that he has now completed his fiftieth year of continuous service to the Club for which we owe him a deep debt of gratitude. We are delighted that he is able to be with us today.

Your Committee is proud to recommend for consideration by the new Board of Directors the following names of members for appointment as Honorary Officers of the Club.
Honorary President—Rt. Hon. Roland Michener, former Governor General of Canada and Past-President of The Empire Club.
Honorary Vice-President—Hon. Pauline McGibbon, Lieutenant Governor of Ontario.
Honorary Secretary—His Worship Willis Blair, Mayor of the Borough of East York, who succeeds Bill Dennison, a staunch supporter of the Club for many years.
Honorary Assistant Secretary—George Stafford who succeeds Norman Borins, a most dedicated member of the Club.
Honorary Assistant Treasurer—Very Rev. Ernest M. Howse.
Honorary Historian—Ernest Miles.
Honorary Solicitor—Bredin Stapells.

Your Committee has pleasure in placing in nomination for consideration by the new Board of Directors the names of the following members for appointment as Officers of the Club.

Secretary—Mr. Leland Ausman.
Treasurer—Mr. Ronald Goodall.
Third Vice-President—Colonel R. W. Lewis—our former Secretary.
Second Vice-President—Mr. Peter Hermant, a son of our distinguished Past-President, Sydney Hermant.

I am delighted to inform you that our nomination for the office of First Vice-President will, in all probability, reinaugurate an old tradition of the Club. Most of us are aware of the fact that several of our Past-Presidents have addressed the Club subsequent to having served as President—to name a few—Sydney Hermant, Bruce Legge, Harold Lawson, The Rt. Hon. Roland Michener, Ted Royce and this year, Ian MacDonald. Indeed the late Col. George Drew did so sixteen times after he was President. He, of course, became Premier after he was President. I doubt, however, that many of you can recall an instance where a guest speaker became the President of the Club after having addressed it. This was certainly true as far as I was concerned until I conducted some research on the question. To my great surprise I discovered that ten of the first twenty Presidents of the Club had done so. Indeed several did so when they were President.

But in the last fifty years there were only five Presidents who addressed the Club before becoming President—namely the late G. H. Ferguson, former Premier of Ontario who also became President after having been Premier (please take note Mr. Premier—you too may become our President!), C. R. Sanderson, C. C. Goldring, The Rt. Hon. Roland Michener and Ted Joliffe also addressed the Club before becoming President.

In any event this old tradition will in all likelihood be repeated. Your Committee is delighted to announce that we have been successful in persuading a most distinguished Canadian, who has addressed the Club on three previous occasions, to accept the position of First Vice-President along with all of the ramifications implicit therein. His name is John Fisher. He has been honoured by five Canadian universities and by five Indian tribes, was the Executive Director of the Canadian Tourist Association, a special Assistant to Prime Minister John Diefenbaker and Canada's Centennial Commissioner. He is an advisor to the United States Bicentennial Committee and Chairman of the Advisory Council of the Canadian Folk Arts Council. He is affectionately known as Mr. Canada.

When introducing me two years ago Hal Jackman made reference to the fact that I would be the first President since 1914 to wear a beard. Our recommendation for the 72nd President may not be bearded but he is a Baronet—and that's a first for the Club—he was also a Sergeant-Major in the RCAF and that probably is also a first for the Club. Our nominee is Sir Arthur Chetwynd, Bt., the eighth Baronet of Brockton-Hall. Arthur is really a tremendous fellow. He has had a fascinating career, born in British Columbia where he engaged in ranching and teaching, an associate at the School of Physical and Health Education at the University of Toronto, Field Supervisor, Canadian Red Cross Water Safety Program, President of his own Company, Chetwynd Films Limited and Past-President of the Association of Motion Picture Producers and Laboratories of Canada. He is presently Rector's Warden at St. Paul's Church, Bloor Street and has been a tower of strength to the Club during the past few years. We just know that he will be an outstanding President. We wish him every success and assure him of our constant support.

Mr. President, I think it is safe to assume that, within the hour, you will have displaced me as Immediate Past-President of this great Club. May I take this opportunity to extend to you, on behalf of the Nominating Committee and, I am confident, on behalf of all the members of the Club, our congratulations and our appreciation for the outstanding year under your Presidency. I never heard the slightest suggestion that you should be impeached and not a whisper about resignation! As you well know, Bob—this Club kind of gets to one—and this is so particularly as one assumes the awesome responsibility of the Presidency. It is indeed a challenge but you accepted that challenge and discharged your responsibilities in an exemplary manner with dedication, determination and imagination. It was a great year and we thank you for it!

May I now move, seconded by Hal Jackman, that those persons as nominated in this report be elected as Directors of the Club and that H. T. Jamieson be appointed Honorary Auditor for the ensuing year or until their or his successors are elected or appointed.

MR. ARMSTRONG:

Thank you Mr. Potts for an excellent report. Are there any further nominations? You have heard the motion. All in favour please signify by saying "Aye". Contrary, "Nay". I declare the motion carried unanimously.

I declare the members named to be elected Directors of The Empire Club of Canada for the year 1974-1975, and Mr. H. T. Jamieson to be appointed Honorary Auditor for the year.

It is a humbling experience to realize that one is expendable. The reins of office could not fall into stronger and more capable hands. Sir Arthur Chetwynd is a tower of strength to this Club and in offering him congratulations I now call on him for a few words.

Ladies and gentlemen, your new President, Sir Arthur Chetwynd.

Sir Arthur Chetwynd made a brief acceptance speech.

APRIL 25, 1974

The Ontario Budget—a Deterrent to Gross Inflationary Trends

AN ADDRESS BY The Honourable William G. Davis,
PREMIER OF ONTARIO

CHAIRMAN The President,
Robert L. Armstrong

MR. ARMSTRONG:

Distinguished guests, ladies and gentlemen: The premier of Ontario needs no introduction to this audience. I am honoured to welcome and present to you the Honourable William G. Davis who will speak to us on the subject: "The Ontario Budget—a Deterrent to Gross Inflationary Trends".

Mr. Davis.

THE HONOURABLE WILLIAM DAVIS:

In accepting an invitation to speak to as distinguished an audience as the membership of the Empire Club, careful thought is obviously required in the selection of both the theme and the substance of one's remarks. Fortunately, your breadth of interest combined with your high degree of public awareness provides a speaker with a rather wide range of choices. This is particularly so for the Premier of Ontario given the number of public issues that are now to the fore and which are commanding government attention.

Nevertheless, despite the relative importance of many items on the public agenda, there is no question that today one issue—one area of public concern—dominates all others and that is inflation. The world-wide trend that has seen prices rise dramatically, on all fronts and with sometimes devastating impact on the lives of many citizens, has led to calls for government action; calls for those measures that might slow, if not turn the tide of this relentless problem.

The Ontario budget, introduced earlier this month, had as its major purpose, the deterrence of gross inflationary trends. Admittedly, despite its importance to all of us, it is only one small measure in the total world's economy. Nevertheless, it was constructed to show that within the limit of our authority, the government of this province is prepared to take those steps necessary to achieve greater economic stability.

Now the subject of inflation or, indeed the varied changes that made up the Ontario budget, form too broad a topic for a single speech. I would, however, like to seize the opportunity of being with you today to concentrate on two specific elements of the budget. These are both innovative and pioneering measures which are major components of our efforts to control land prices. They are, of course, the land speculation tax and the land transfer tax.

It is not my intention to restate in full the part of the budget that dealt with these matters but a summary might be useful. The land speculation tax went into effect at midnight of April 9. It imposes an additional 50 per cent tax on the increase in value realized on the sale of designated land. Over and above this tax, normal personal and corporate income taxes will apply. The speculation tax is designed to bear most heavily on owners of land and properties that are purchased and resold without any real value being added.

The land transfer tax similarly came into effect at midnight, April 9. It deals with a current constitutional issue that as yet has not been fully resolved—namely, the non-resident control of Canadian land. It increases the land transfer tax on purchases of land by non-residents of Canada to 20% from six-tenths of 1% which I think you will agree is a very substantial increase.

At first glance, this might seem to be punitive, but I should point out that we shall continue to welcome the flow into

Ontario of mortgage and debt financing from abroad; also, to ensure that industries which contribute substantially to the Ontario economy will not be penalized, that required legislation will establish a review procedure whereby the additional transfer tax may be rebated in certain instances.

Obviously, there are other details and ramifications that flow from these two measures, but that, in substance, is what they are all about. We believe them to be anti-inflationary and therefore having top priority. But more about that later in my remarks.

At the moment, however, I would like to stress that the seeds which gave birth to this legislation were planted long before inflation became our prime concern. Basically, they are the outgrowth of the circumstances of our times. They are the outgrowth of the fact that we in Ontario enjoy a relatively stable and affluent society—one that attracts both people and investors from other parts of Canada and from other countries of the world. To use a fairly recent and reasonably controversial phrase, there is no place that a lot of people would rather be than the Province of Ontario. Accordingly, we have to face up to the consequences that attend this time of popularity.

Land is a fixed resource, whether it be in an urban or rural area, and each should have its particular and productive use. In other words, you can't manufacture land.

It may surprise you to learn that approximately 90% of the land in Ontario is Crown land, and the parts of that 90% which are habitable can no longer be bought by non-residents of Canada. They can be leased, but not bought.

But where all of us are really feeling the squeeze in terms of demand exceeding supply is in our urban areas, and that's a major part of the remaining 10% of available and highly habitable land. Market forces come into play, as they should, in this sort of situation; but our society is such today that any government, irrespective of its political label, cannot allow the normal forces of the market place to sustain forever unrealistically high and inflationary levels.

So government, or responsible government at least, has to step in. And the fact that the land speculation tax and the land transfer tax received reasonably public plaudits, upon their introduction, indicate that the majority of our citizens have agreed that this was appropriate action. Privately, however, I know that there have been individuals who have been less than enthusiastic. The speculator, large or small, is upset. He says, in effect, "Those people at Queen's Park are tinkering with the Garden of Eden."

It's a charge to which I'll readily plead guilty, if only because as leader of the government, and as a cabinet minister in a previous administration, I like to think I've had some small part in adding to the delights of that garden in Ontario. My intention now, and the intention of the government I lead, is to preserve it.

This is not an insurmountable task by any means, but it does demand that some tough political decisions be made. These decisions cover just about every area of life in this province one way or another. As a government we have made them, we are more prepared to live with them, and we are also open to positive suggestions as to how we can better go about our task. On a number of occasions in the past year and a half, whenever government programs and policies have been called into question, I have asked: "What are the alternatives?" The response I have heard most frequently—and the one with which I am very ill at ease—in effect says: "Do nothing, or maintain the status quo." It is a response, I suspect, that Nero would have been quite happy with.

The situation with which governments in industrialized countries, states or provinces are today faced, was identified very astutely a number of years ago and summarized with his usual precision and economy by Ian Macdonald when he wrote: ". . . whereas one hundred years ago it was said that the best government was one that interfered least with the life of the citizen, today government is subjected to the paradoxical demand for action in every imaginable field, combined with minimal interference with the rights and in the lives of individuals."

You could spend a lifetime pondering that specific and very real conundrum, but from where I sit I find that the riddle often has to be solved in the space of a year, a month or a week . . . and therein lies one of the major challenges of modern government.

As you know, there has been and will continue to be criticism that this month's budget has taken the government much more fully into the life of the private sector and into control over the economy. There is, however, an important distinction to be drawn, and it is this:

There are major forces at work, both economical and social, over which the citizen has no control and which, if left unattended, lead to a kind of society and economy that he or she does not necessarily want.

The purpose of the government is not to diminish in any way private initiative or the work of the private sector. Rather, the purpose is to set fair rules of the game within which the private sector is to be encouraged in the direction of economic activity and a higher standard of living for everyone.

Therefore, if the government, for example, says that certain lands will be retained in agriculture or that other lands cannot be used for industrial purposes, then this simply means that industry knows the rules of the game and knows where it can and cannot locate.

This is the purpose of the Toronto-Centred Regional Plan and it is the type of planning that I think we can expect to see increasingly in this province. You would all agree, I'm sure, that everyone has an interest in retaining a healthy and compassionate society in Ontario, and I think you would similarly agree that the sensitive role of the government is to ensure that the rules of behaviour in society are such as will contribute to that end.

For government to have this concern is not something that should be misread as opposition to the private sector. Rather, it should be interpreted as being a recognition, by government, that the opportunities and advantages for the private sector will be greater in the long-run if we can have a well-planned and orderly society.

I mentioned earlier in my remarks the problem of inflation, and, quite frankly, I expect to be mentioning it often in the months to come. At this stage, however, I would suggest to you that this month's provincial budget represents a truly major effort against inflation. I would go further and say that its efficacy will be measured to some extent by the degree to which the federal government considers it to be an example.

As a provincial government we have shown a willingness to move in those limited areas that are available to us. Obviously, no one government in a confederation can hope to turn back the tide of inflation alone. Accordingly, we think there is now a major challenge for the federal government to move in a similar direction.

We in Ontario have tried not only to relieve the consequences of inflation, but also to stimulate the supply of goods and services that is essential in winning the final battle. Our economy—indeed, the Canadian economy—remains one of the strongest in the world. We can keep it that way—but only if we are realistic about not just the threat, but the *fact* of inflation, and are willing to make some short-term sacrifices to counteract it.

As I near my conclusion, let me return to the two new taxes I mentioned at the outset that are contained in the Budget, even at the risk of becoming repetitive. Taxes are aimed at a target, and the target here is the unreal escalation in value of land, both as a result of speculators selling land without adding any real value to it and as a result of foreign money bidding up market prices.

As to possible further action, I should emphasize that we have not yet had an opportunity to conduct a full review of the recommendations of the Select Committee on Economic and Cultural Nationalism, and, as I pointed out earlier, there is still some doubt about our constitutional capacity as a province to control foreign ownership of land in Canada.

The ultimate control of Ontario land by Ontario residents is, however, of great concern to the province and we are prepared to go further if it becomes necessary to ensure that this result is preserved. The point is that the measures we have introduced thus far are moving us in the right direction.

Also, it is important to understand that the data that will be provided by these new taxes will give us really for the first time, a reasonable assessment of foreign investment in Ontario property. Since these are new, and therefore pioneering, measures, we have not hesitated to stress that amendments will have to be introduced as we gain experience with their applications. But, in principle, I think it can be said that the land speculation tax and the land transfer tax, even as they now stand, are mutually reinforcing.

As a final comment, let me say that I believe the Ontario budget for 1974-75 is as much a social document as it is a fiscal one. It reflects a concern for returning to society some of the gains of economic activity that truly belong to society.

For example, the new taxes in mining and on timber are designed to recapture for the citizen a part of the return that accrues to the resources of the country. At the same time, they are designed in such a way that while all of us will get the advantage in good times, the companies involved—the people who put the money up front—will not be inhibited in bad times.

History has shown us that change can develop from revolutionary or evolutionary developments. We are fortunate in this country that it is the latter course which has prevailed. But, as I've just indicated, our social evolutions, have often reached our consciousness after the fact. Only then did we ask ourselves, like the ancient mariner: "Was there anybody on the bridge?"

I suggest to you, very sincerely, that a careful perusal of this month's provincial budget will reassure you that the Ontario bridge is well manned and that our social and economic radar is working.

Thank you very much.

The appreciation of the audience was expressed by Colonel Edward A. Royce.

AUDITORS' REPORT

To the Members,
The Empire Club of Canada,
TORONTO, Ontario.

We report that we have examined the attached Balance Sheet of The Empire Club of Canada as at 30th April, 1974, and the attached Statement of Income and Expense and Accumulated Surplus for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these Statements present fairly the financial position of the Club as at 30th April, 1974 and the results of its operations for the year ended on that date in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

H.T. JAMIESON, LEMAY, & COMPANY
CHARTERED ACCOUNTANTS.
Honorary Auditors.

TORONTO, Ontario
20th August, 1974.

THE EMPIRE CLUB OF CANADA

BALANCE SHEET AS AT 30TH APRIL, 1974

ASSETS	1974	1973
Current:		
Bank and Short Term Deposits	$ 23,329	$ 22,434
Accounts Receivable	61	1,758
	$ 23,390	$ 24,192
Government of Canada Bonds, at Cost (Market Value $4,440 (1973—$4,875))	5,757	5,757
Office Furniture and Equipment (Note 1)	1	1
	$ 29,148	$ 29,950

LIABILITIES AND MEMBERS' EQUITY

LIABILITIES

	1974	1973
Current:		
Accounts Payable	$ 1,237	$ 9,087
Due to The Empire Club Foundation (Note 1)	7,280	3,420
Membership Fees and Luncheon Tickets paid in advance	1,140	1,027
	$ 9,657	$ 13,534

MEMBERS' EQUITY

	1974	1973
Accumulated Surplus	19,491	16,416
	$ 29,148	$ 29,950

NOTE 1— Accounting Policies:

Office Furniture and Equipment is recorded at a nominal value and additions are charged to expense in years acquired.

The estimated charge from The Empire Club Foundation for the cost of supplying the membership with the Year Book of the current year is accrued each year.

NOTE 2— Comparative Figures:
Certain 1973 figures have been stated to conform with the current year's presentation.

Approved on behalf of the Board

Sir Arthur Chetwynd, Bt.)
Col. Reginald W. Lewis, C.D., A. de C.) Directors.

THE EMPIRE CLUB OF CANADA

STATEMENT OF INCOME AND ACCUMULATED SURPLUS FOR THE YEAR ENDED 30TH APRIL, 1974

	1974	1973
Income:		
Membership Fees (including Life Membership Fees, $200.00 [$1,000.00, 1973])	$ 29,825	$ 31,782
Luncheons, Net	1,268	1,421
Other	2,019	1,593
	$ 33,112	$ 34,796
Expenses:		
Meetings	$ 2,220	$ 1,767
Members' Notices	11,449	10,278
Office and General	491	874
Office Salaries and Employee Benefits (Net)	5,456	4,377
Printing, Stationery and Postage	2,485	2,807
Publicity and Promotion	849	1,191
Rent, Net	1,372	1,272
Telephone	622	630
Year Book (Note 1)	5,093	3,516
	$ 30,037	$ 26,712
Net Income for Year	$ 3,075	$ 8,084
Accumulated Surplus at Beginning of Year	16,416	8,332
Accumulated Surplus at End of Year	$ 19,491	$ 16,416

1974-1975 *Officers and Board of Directors*

Honorary President	THE RIGHT HON. ROLAND MICHENER, P.C., Q.C., FORMER GOVERNOR GENERAL OF CANADA
Vice-President	THE HON. PAULINE MCGIBBON, O.C., B.A., LL.D., D.U. (OTT.) LIEUTENANT GOVERNOR OF ONTARIO

Officers

President	SIR ARTHUR R. T. CHETWYND, BT.
First Vice-President	JOHN FISHER, O.C., LL.B., LL.D., D.S.S., D. LITT.
Second Vice-President	PETER HERMANT
Third Vice-President	COL. REGINALD W. LEWIS, C.D., A.D.C.
Secretary	LELAND H. AUSMAN
Treasurer	RONALD GOODALL, C.A.
Honorary Secretary	HIS WORSHIP WILLIS BLAIR
Honorary Assistant Secretary	GEORGE O. STAFFORD
Honorary Treasurer	MARVIN GELBER
Honorary Assistant Treasurer	VERY REV. ERNEST M. HOWSE, S.T.M., PH.D., D.D., LITT.D.
Honorary Auditor	H. T. JAMIESON, F.C.A.
Honorary Solicitor	R. BREDIN STAPPELIS, Q.C.
Honorary Historian	ERNEST MILES

Board of Directors

PHILIP J. AMBROSE
DONALD H. W. BATH
DONALD H. CARLISLE
IAN JERROLD COLLINS
DR. CLARENCE B. CRUMMEY
COL. CHARLES O. DALTON, D.S.O., C.ST.J., E.D.
MARCEL DESAUTELS, LL.M.
EMERSON C. DOWD, C.D., M.D., C.M., F.R.C.S. (C)
A. CARLYLE DUNBAR
HUGH R. FRANKS, C.D.
DUNCAN GREEN
JOHN D. HERRICK
MAJOR CHAS. C. HOFFMAN
LT. COL. P. W. HUNTER, C.D.
WILLIAM M. KARN
J. ALEX LANGFORD, Q.C.
H. ALLAN LEAL, Q.C., LL.D.
JOHN A. MACNAUGHTON

W. MALCOLM MCINTYRE
IAN D. C. MCPHAIL
VLADAN MILIC, M.R.A.I.C.
DR. JAMES A. PARISH
THE HON. JOHN P. ROBARTS, P.C., C.C., Q.C.,
A. C. RYLEY, F.C.A.
LT. COL. E. H. SHUTER, C.D., F.C.I.S.
HUGH P. STEWART
JOHN G. B. STRATHY, C.D.
GORDON W. SWAYZE
TERRENCE TYERS
REV. J. ROBERT WATT, B.A., B.D.
J. A. WILLIAM WHITEACRE, M.M., C.D., Q.C.
WM. H. F. WILTSHIRE

Immediate Past President ROBERT L. ARMSTRONG

Past Presidents JOSEPH H. POTTS, C.D., Q.C.
HENRY N.R. JACKMAN
HAROLD V. CRANFIELD, M.D., F.R.C.P.(C)

Constitution

As amended April 26th, 1973

ORGANIZATION OF THE CLUB

ARTICLE I

Name

1. The name of the club shall be The Empire Club of Canada.

Purpose and Object

2. The purpose and object of the club is to promote the interests of Canada and the British Commonwealth by the consideration and discussion of subjects and events relating thereto and by any other means appropriate to the facilities of the club.

MEMBERSHIP

ARTICLE II

Classes of Members

1. The membership of the club shall consist of:
   (a) Honorary members
   (b) Life members
   (c) Regular members
   (d) Corporate members

   All members of classes (a), (b), (c) must be of the full age of eighteen years.

Honorary Members

2. Honorary members may be elected by the unanimous vote of those present at a meeting of the board of directors. They shall be exempt from the payment of fees but shall not have the privilege of voting or holding office and their membership shall be terminable at any time by a two-thirds majority of those present at a meeting of the board of directors.

Life Members

3. Members of the club in good standing (other than corporate members) and other persons regularly proposed may be elected life members by a two-thirds majority of those present at a meeting of the board of directors. Life members shall pay such a fee in one sum as may be fixed from time to time by the board of directors.

Regular Members

4. Save as provided in Section 5 of this Article candidates for regular membership shall be proposed by a member in good standing and shall be elected by a two-thirds majority of those present at a meeting of the board of directors. Save as provided in Section 5 of this Article regular members shall pay respectively such annual fees as may be fixed from time to time by the board of directors. Members elected after the first day of March in any year shall pay one annual fee only in respect of the period from the date of election until the thirtieth day of September in the following year. No member in arrears for fees after January 1 shall be considered in good standing.

Corporate Members

5. Any company, partnership or business organization shall be eligible for election as a corporate member. Applicants shall be proposed by a member in good standing and the application shall contain the names and positions of the persons nominated by the applicant as its representative regular members. The applicant and its nominated representatives shall be elected by a two-thirds majority of those present at a meeting of the board of directors. A corporate member shall be entitled to nominate such number of its representative regular members as may be fixed from time to time by the board of directors and shall pay such annual fee as may be fixed from time to time by the board of directors, provided that such fee shall not be less than the aggregate fees which would have been payable on an indi-

vidual basis by such representative members for the year in question. Save as in this section provided no fee shall be payable by or in respect of the representative regular members of a corporate member.

DIRECTORS

ARTICLE III

Duties and Powers

1. The affairs of the club shall be managed by a board of directors who may exercise all such powers and do all such acts and things as may be exercised or done by the club and are not by the by-laws or by law directed or required to be done by the club at a general meeting of its members. At all meetings of the board of directors the Chairman of the meeting shall have a casting vote.

Number and Quorum

2. The board of directors shall consist of forty members of whom sixteen shall constitute a quorum. The board of directors shall include at least four past presidents of the club, one of whom shall be the immediate past president and three others shall be the three past presidents immediately preceding the immediate past president if they are willing and able to act as directors.

Election of Directors

3. A nominating committee consisting of five members of the board of directors and four other regular members of the club shall be appointed annually by the board of directors at least thirty days prior to the annual meeting and shall prepare a list of nominations for directors for the ensuing year. The chairman or acting chairman of the nominating committee shall report the nominations of that committee to the annual meeting at which the board of directors shall be elected, but nothing herein shall preclude the nomination of

other persons for the office of directors at the annual meeting. If nominations do not exceed the number of directors necessary, the chairman of the meeting may instruct the Secretary-Treasurer to cast one ballot in favour of those so nominated and thereupon such persons shall be declared by the chairman to have been duly elected. No person shall be elected a director unless he is a regular member in good standing and is a Canadian citizen or a British subject.

Meetings of Directors

4. Meetings of the board of directors shall be called by the President, or on a requisition signed by three of its members. Written notice of such meetings shall be given to each director five days or more before the meeting is to take place, provided that a meeting may be held at any time if all the directors are present or if those absent have waived notice of or otherwise signified their consent to such meeting being held in their absence or have approved or signified their approval in writing to the proceedings taken at the meeting. The board may appoint a day or days in any month or months for regular meetings, at an hour or place to be named, and of such regular meeting, no notice need be given.

Casual Vacancies

5. In the event of any vacancy occurring in the office of director, the remaining directors may fill the vacancy from among the members for the unexpired portion of the term of office of the person whose office is vacant.

OFFICERS

ARTICLE IV

1. The officers shall consist of an Honorary President, an Honorary Vice-President, a President, First, Second and Third Vice-Presidents, an Honorary Treasurer, an Honor-

ary Secretary, a Secretary and a Treasurer. The board of directors may from time to time elect or appoint such other officers as it shall deem necessary. The President and the Vice-Presidents shall be directors of the club but other officers need not be directors. No person other than the Honorary President and the Honorary Vice-President shall be eligible for office unless he is a member in good standing. The President shall, when present, preside at all meetings of the members and of the board of directors. During the absence or inability to act of the President, the Vice-Presidents in order of seniority shall act as Chairman at such meetings and otherwise perform and exercise the duties and powers of the President.

Appointment of Officers

2. The board of directors shall meet as soon as convenient after their election for the purpose of appointing the officers of the club for the period ending April 30 in the next year but each officer shall continue in office until his successor is elected.

Casual Vacancies

3. In the event of a vacancy occurring in any office the board of directors may fill the vacancy for the unexpired portion of the term.

Honorary Auditor

4. An Honorary Auditor shall be appointed at each annual meeting. An audited statement of the finances of the club for the fiscal year shall be published annually and a copy shall be sent to each member.

COMMITTEES

ARTICLE V

1. The following standing committees and the chairman of each shall be appointed by the board of directors as soon as

convenient after the election of the board:
(a) Budget and Finance Committee
(b) Speakers Committee
(c) Membership Committee
(d) Constitution Committee
(e) Reception Committee
(f) Publicity and Public Relations Committee
(g) Year Book Committee
(h) Head Table Committee
provided that for any year the board of directors may by resolution elect not to appoint any one or more of such committees.

2. The President or the board of directors may from time to time appoint such other committees as may be deemed expedient.

MEETINGS OF MEMBERS

ARTICLE VI

General Meetings

1. The club shall hold general meetings weekly, if possible, from October to April, both inclusive, in each twelve months with such intermissions as may from time to time be determined by the board of directors. Special meetings of the club may be called at any time by the President.

Annual Meeting

2. The annual meeting shall be held not later than April 30 in each year. At the annual meeting a report of the year's proceedings and work shall be submitted by the President and this report shall be accompanied by an interim report from the Secretary-Treasurer.

Notice of Meetings

3. Written notice of all meetings of members shall be given all members of the club before the date on which the meeting is to be held. Such notice shall be sufficient if addressed to the

members, and deposited post paid in the post office in Toronto. The accidental failure or omission to give notice to any member shall not invalidate the proceedings at any meeting.

Quorum at Meetings

4. Sixteen members in good standing shall constitute a quorum at any meeting of the club, general, annual or special, and the Chairman of the meeting shall have a casting vote.

Limitation of Business at General Meetings

5. No business other than the hearing of the addresses shall be introduced at any meeting of the club by any person other than the chairman of the meeting, unless it has been submitted to the board of directors and received its approval.

FISCAL YEAR

ARTICLE VII

The fiscal year of the club shall end on such day in each year as may be fixed by the board of directors but unless so fixed by the board shall end on April 30.

AMENDMENTS

ARTICLE VIII

Subject to the provisions of The Corporation Act this constitution may be amended by the board of directors, but unless in the meantime confirmed by a majority of the members present in person at a meeting of the members duly called for that purpose, any amendment is effective only until the next annual meeting of members unless so confirmed thereat and, in default of such confirmation thereat ceases to have effect at and from that time, and in that case no new amendment of the same or like substance has any effect until confirmed at a meeting of the members.

Membership

1973-1974

HONORARY MEMBERS

Cartwright, John R., The Hon.
Chief Justice of Canada
Comber, Walter W.
Daniels, D. K., O.B.E.
Gardiner, F. G., Q.C.
Geary, Major B. H., V.C.
Gillingham, W/C Harold G.
Harpham, Horace
Jamieson, H. T., F.C.A.
Kemp, A. S. H.
McIntyre, W. Malcolm
Mansfield, S. J.
Michener, The Rt. Hon. Roland,
C.C., P.C., Q.C., LL.D., D.C.L.
Miles, Ernest
Osborne, Col. J. Ewart
Ralph, R. Ford

LIFE MEMBERS

Allan, William N.
Anderson, D. S.
Ash, W. M. V.
Bassett, J.
Batty, Joseph
Baxter, Ian S.
Beare, S. E.
Beatty, D. S.
Bennett, Dr. Ross C.
Best, Douglas W.
Borins, Norman, Q.C.
Bovey, E. C.
Boyles, Thomas A.
Burns, Charles F. W.
Burke, E. T. C.
Carter, Charles
Caswell, W. A., J.P.
Cobham, Arthur H.
Craig, Lt. Col. John A. D.
Cranfield, Dr. Harold V.
Crummey, Dr. Clarence B.
Deacon, Fraser
Del Zotto, Elvio L.
Douglas, Lt. Col. R. G.
Du Vernet, E. A., Q.C.
Eaton, Donald L. H.
Eisen, Sol.
Fabbro, Joseph J.
Fletcher, S. S.
Frost, Lt. Col. C. S. Jr., Q.C.
Gore, Graham M.
Griffin, Ian A.
Griffin, John W.
Hellyer, Hon. Paul T., P.C., M.P.
Hermant, Adam B. T.
Hermant, John D.
Hermant, Peter
Hermant, Sydney
Hilborn, Lt. Col. Robt. H., M.B.E.
Hoffman, Charles C.
Hogg, Lt. Col. N. D., M.B.E., E.D.
Hough, T. E.
Howse, T. H.
Hughes, James O.
Hyland, Dr. Herbert
Inwood, A. E. M.
Jackman, H. N. R.
Jackman, H. R., Q.C.
Joyce, James H.
Jupp, Lt. Col. D. H., O.B.E.
Karn, William M.
Kent, J. Palmer. Q.C.
Keys, N. A., M.C., Q.C.
Lambert, A. T.
Lawson, H. R.
Legge, Brig. Gen. B. J., Q.C., E.D.
Low, Steven
Mackinnon, Lt. Col. A. P.

Matthews, Maj. Gen. A. B.
Matthews, Brig. F. B., C.B.E., Q.C.
McCrimmon, Maj. J. S. G.
McKinnon, N. J.
Michener, Rt. Hon. Roland, C.D., C.C.
Mikkila, W. G.
Mylrea, A. J.
Neelands, D. G.
Pallett, John C.
Parish, Dr. James A.
Ridley, John B.
Rokeby-Thomas, Dr. The Rev. H. R.
Roman, S. B.
Royce, Lt.Col. E. A., E.D.
Sandy, J.
Shefsky, Samuel V.
Smeed, J. R.
Stark, Hon. Mr. Justice Alexander, Q.C.
Strathy, Col. J. G. K.
Sullivan, Hon. J. A., M.D.
Thompson, Eric F.
Thomson, Garth O.
Thomson, K. R.
Turnbull, R.
Turner, Capt. T.C.
Waldie, Gordon
Watkins, William B.
Webster, R. H.
Williams, J. K.
Winkler, Sydney
Wotherspoon, Brig. G. D. De S.
Wright, W. D.

REGULAR MEMBERS

Aaron, Raymond
Abbot, A.C.
Abel, Albert S.
Adair, Joseph
Adam, James L.
Adams, A. H.
Adams, George W.
Adams, J. C.
Adams, Patricia, Ms.
Adams, W. H.
Adamson, G. A.
Adamson, Harold J.
Adamson, Edwin F.
Adamson, Walter
Adelstein, Allan Joel
Ades, David
Addison, Wm. G.
Adley, Anthony
Adye, Rev. Canon E. R. G
Agar, Harold A.
Aggett, Harold G.
Agnew, Mrs. Mary A.
Aitchison, Ian A.
Akerfeldt, Stephen C.
Alberts, Edgar T.
Albery, A. C. R.
Alexander, H. H.
Allan, A. G.
Allan, Dr. Blandford
Allen, C. R. E
Allen, Ivan V.
Allen, John F.
Allen, Dr. Michael S., F.R.C.S. (C)
Allen, W. R., Q.C.
Allingham, N. W.
Allison, A.
Allport, D. A.
Alton, T. R.
Allworth, Mrs. Mona C.
Amano, Hajime
Amato, L.
Ambrose, Graham H.
Ambrose, Sheriff P. J.
Amos, J. L.
Andary, Gerhard
Anderson, Allan J.
Anderson, D.
Anderson, Douglas D.
Anderson, J. B.
Anderson, Lt. Gen. W. A. B
Andison, D.
Andras, K. B.
Andrews, Norman
Andrews, Stewart M.

Angeletti, Dr. Sergio
Angus, D. L.
Angus, Jas. K.
Anthony, R. F. K.
Apple, B. Nixon, Q.C.
Appleton, C. N.
Appleton, D. C.
Archbold, Wm. D.
Archer, William L.
Archibald, C. R., Q.C.
Arena, John
Argue, D. R.
Armour, A. Douglas
Armstrong, Arthur S.
Armstrong, G. E.
Armstrong, Gordon V.
Armstrong, H. Michael
Armstrong, Warren G.
Armstrong, Jas. A.
Armstrong, Robert L.
Arthur, J. G.
Astley, D. B
Atherton, C.
Atkins, David H.
Atkinson, David W.
Atkinson, John
Atkinson, Miss Linda
Atkinson, Walter P.
Atlin, Gordon, Q.C.
Attewell, W. C.
Audette, R. S.
Auger, Eliot M.
Ausman, Leland H.
Austin, J. Jarvis
Avery, William M.
Axford, Michael J.

Babcock, Harold A.
Babensee, Robert W.
Babra, Avtar Singh
Back, Samuel
Baehr, Hans A.
Baillie, A. A.
Baillie, Aubrey
Baillie, James C.
Bailey, H. V.
Bailey, John H.
Bailey, William H. C.
Bainyard, Roy H.
Baker, George
Baker, Herb F.
Baker, J. J.
Baldry, I. H.
Bales, Gordon G.
Balfour, Norman E.
Ball, Gordon R.
Ball, J. J.
Bankes, J. M.
Banner, Dr. Mac
Bannerman, B. L.
Barber, Col. J. R., E.D., C.D.
Barber, William
Barbour, Edward R.
Bardsley, J. W.
Bark, Chad F.
Barker, D. J.
Barltrop, C. S.
Barrett, L. C.
Barrow, J. C.
Barstow, J. M.
Bassam, Kenneth A.
Bassel, J. P., Q.C.
Bassuyt, Lou
Bastien, Dr. Gerard
Batchelor, Gordon T.
Bate, Wm. B.
Bates, Dr. Gordon
Bates, Ian K.
Bath, D. H. W.
Bawden, H. N.
Beamish, K. J.
Beattie, A. L.
Beattie, Ms. E. L.
Beattie, Peter G.
Beatty, James D.
Beauchamp, Walter N.
Beaudry, Roger
Beausejour, Roger
Beavis, Frederick J.
Beck, Howard L.
Beckerman, Irving
Bedal, Prof. C. L.
Beeston, Major A. C.
Belak, Nicholas
Belbeck, Kenneth G.
Bell, C. B.
Bell, J. Donald, Q.C.
Bell, Michael C.
Bell, Norman B.
Bell, Norman H.

Bell, Norman O.
Bell, W. E.
Belyea, Abner B.
Belyea, Roy E.
Ben, George
Bengert, E. C.
Bennett, Chief Judge Colin E.
Bennett, David T.
Bennett, Ms. Jalynn H.
Bennett, Major J. W.
Bennett, R. F.
Benson, Marvin T.
Benson, Philip W.
Berghuis, Wm. W.
Berry, Harold R.
Berry, Dr. Henry
Best, Gordon H.
Best, Peter
Bethell, R. Anthony
Betts, J. G.
Biddell, J. L.
Biden, Lee Warrick
Bielski, Casimir M. B., Q.C.
Biggs, G. L.
Biggs, Stanley C., Q.C.
Bilbrough, W. H.
Binmore, David R.
Binnie, William Ian Corneil
Biringer, Paul P.
Birrell, L. P.
Birrell, Dr. R. G.
Biscotti, Michael J.
Bjarnason, Thomas H.
Blachford, H. A.
Black, David
Blackwell, Cy
Blaikie, Ross W.
Blair, S. M.
Blair, Willis L.
Blanchard, H. A.
Blane, Robert
Blay, J. A.
Bloemen, P. J. M.
Boddy, R. Paul
Bolliger, Heinz E.
Bongelli, Tello
Bonham, J. T.
Bonnycastle, Law C.
Bonus, W. H.
Booth, Dr. C. W.
Borinsky, Maxime
Bosanquet, L. C.
Bot, William B.
Botnick, Harry P.
Bourne, F. R.
Bouskill, Ms. Carol
Bowes, James C.
Bowles, William M. Jr.
Boyd, Winnett
Boyko, Jos. LL.D.
Boyle, J. A.
Brace, Wm
Bradley, Robert A.
Bradshaw, Melville
Brain, George M.
Braithwaite, Dr. D.
Braithwaite, L. A.
Brannan, C. E.
Brant, Reuben
Braune, William M.
Bray, C. H.
Bray, Harry S.
Breckenridge, P. D.
Breckenridge, R. J.
Brent, John E.
Brethour, E. J.
Breuer, K.
Bright, John C.
Brissenden, W. G.
Bristoll, Charles H.
Broad, R. L.
Broadhead, John F.
Brock, Frederick W.
Brodsky, Jack
Brook, Edward
Brook, Mrs. Edward
Brooks-Hill, F. B.
Brooks, Dr. C. E.
Brooks, Herbert
Brown, Arthur E.
Brown, Arthur J.
Brown, Colin M.
Brown, Dr. Corbin A.
Brown, Gerald D.
Brown, Brig. H. E., O.B.E., E.D., C.D.
Brown, J. K. B.
Brown, J. Sommerville
Brown, Mannie
Brown, Ross L.
Brownbill, H. F.
Brule, J. A.

Brundage, C.
Brunskill, A. M., F.C.I.S.
Buddenhagen, W. C.
Buell, E. J., Jr.
Bull, John S.
Bulmer, J. C.
Bundy, Robert G.
Bunting, C. Alan
Bunting, Pearce
Burbridge, O. John
Burden, Bruce C.
Burgess, A. C.
Burgess, C. N.
Burgess, H. T.
Burk, J. Paul
Burnard, F. S.
Burnaby, Frederick H.
Burns, James E.
Burns, Jeffrey
Burns, Lt. Col. L. J. W.
Burns, Paul J.
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Burrows, W. Don
Burry, C. James
Burt, Miss M. Elizabeth
Burton, Lt. Col. G. A.
Butcher, Roy Leonard
Butler, Ian
Butler, Lady Marja
Butt, Dr. W. D.
Bynoe, B. Clive, Q.C.

Calderone, Gus V.
Caldwell, Doug
Callander, R. M.
Calvert, William
Cameron. Donald Ross
Campbell, D. L.
Campbell, Duart A.
Campbell, Duncan
Campbell, E. M.
Campbell, Miss F. M.
Campbell, Ian
Campbell, I. R.
Campbell, Jack
Campbell, R. Y. W.
Campbell, W. Allan
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Cappe, Joe, B.COM.
Cappe, N. R., Q.C.
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Carlisle, Donald H.
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Carnegie, James G.
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Carr, E. P.
Carson, C. E.
Carter, James P.
Carter, M. F. K.
Cartwright, D. H.
Case, Peter A.
Casey, D. W.
Casey, E. M.
Casse, Joseph
Cassell, William F.
Cassels, Gordon T.
Casson, Richard
Castle, E. W.
Caston, D. M.
Cater, Gordon
Catto, Lt. Col. John, C.D.
Cavoukian, A.
Cayley, Hugh
Chadwick, Derek T.
Chalmers, Floyd S.
Chalmers, K. M.
Chambers, H. J. A.
Chan, Henry
Chandler, Kenneth G.
Chant, Dixon S.
Chapin, C. J.
Chapman, S. F.
Chapman, Wm.
Charlton, Ms. C. R.
Chartrand, Mrs. J. L. F.
Chase, T. Miller
Cherry, Robert James
Chester, Lane R.
Chestnutt, James T.
Chetwynd, Sir Arthur R. T.
Chetwynd, Robin
Child, Rodney L. J.
Child, Thomas
Ching, Clement Y. B.
Chittick, J. Robert
Chote, Rev. Canon A. A., B.A.L., TH.
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Christie, Col. J. H., M.C., E.D.
Christie, Dr. R. J.
Christmas, Milton H.

Cianci, Ms. Luciana
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Clark, Basil
Clark, B. H.
Clark, B. Neil
Clark, H. Spencer
Clark, Philip T., F.C.A.
Clark, Robt. F.
Clarke, E. G.
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Clarkson, Mrs. Adrienne
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Classen, R. A. M.
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Cockburn, Donald W.
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Cole, John B.
Colhoun, J. L. A.
Collins, Ian Jerrold
Collins, J. A.
Collins-Williams, G. W.
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Comisarow, Dr. Richard
Conner, Gordon M.
Conrad, J. C. P.
Conroy, Miss Shirley M.
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Cook, J. Gordon
Cook, John H.
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Cooper, S. C.
Cooper, Ms. Virginia
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Cork, E. Kendall
Corlett, Alva R.
Corlett, G. H.
Cornelius, Les.
Cornish, His Honour, Judge F. J.
Corrigan, Harold C.
Corson, C. R.
Cory, Peter deC.
Cosburn, W. D.
Cosby, Stanley C.
Cosgrave, Ronald E.
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Cotnam, William Joseph
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Coulter, A. G.
Coulter, Robert J. G.
Coulthard. W. W.
Coupland. W. C., C.A.
Coutts, Elgin E.
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Cowling, A. H.
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Cowperthwaite, G. H.
Craft, Robt. F.
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Cranfield, Paul G.
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Crashley, Lt. Col. J. D., C.D.
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Creba, D. G.
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Crewe, Miss Nola Susan
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Critchley-Waring, Angus C. B.
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Croll, David A.
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Curran, William
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Curzon, Thomas D.

Cushing, Dave
Cuthbert, Norman S.
Cutler, J. F.

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Fine, George E. C.
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Finlayson, G. W.
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Firstbrook, W. A.
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Fisher, Alex D.
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Flynn, Dennis
Fodor, Nicholas
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Forbes, Harold
Ford, Gordon W., Q.C.
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Foss, A. J. N.
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Fournier, R. P.
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Fowler, Scott
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Fraser, Norman
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Freeman, Geoffrey J.
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French, D. J.
Freyseng, Willis P.
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Friedland, Seymour
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Frost, C. Sydney
Fry, E. Ewart
Fry, R. Archibald
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Funston, Fred. G.
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Garlick, R. D.
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Garrow, James B.
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Gartshore, John B.
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Gianelli, Brig. Gen. N. A.
Gibson, F. D.
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Gibson, Robt. C.
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Goldson, W. L.
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Goldsmith, W. L.
Goltz, Miss M. I.
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Goodfellow, E. J.
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Goodwin, J. E.
Gordon, Lt. Col. D. L., M.B.E.
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Gorrie, Thomas George
Gossage, B. F.
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Goulding, E. D.
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Graham, David A.
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Graham, Deputy Commissioner Harold H., O.P.P.
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Graham, J. Rennie
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Grant, D. R., Q.C.
Grant, G. E.
Grant, J. Douglas
Grant, John S., Q.C.
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Gray, A. Earle
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Greason, E. T.
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Greer, W. N.
Greenwood, L. G.
Gregor, T. P.
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Griffis, Dr. Arthur T.
Griffiths, W. David
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Guthrie, H. Donald, Q.C.
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Gyles, C. G. E.

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Hadden, Eugene R.
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Hallonquist, F. W.
Halsall, Ken E.
Halstead, Barnard
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Hamilton, E. H. P.
Hamilton, John B., Q.C.
Hamilton, Milton R.
Hamilton, R. M. P.
Hampson, Mrs. Pamela
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Hannon, Dr. J. W. G.
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Harris, Alfred H. L.
Harris, Peter
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Harris, S. J.
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Harrison, H. P.
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Harry, K. J.
Hart, Ms. Gae C.
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Hartford, Donald H.
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Hatt, F.
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Haughton, Clifford
Hauseman, John Wilson
Havercroft, W. R.
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Hawkes, Robert Howie
Hawkins, H. J.
Hay, Robert Alan
Hayden, Hon. Salter A., Q.C.
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Hayes, Commodore W. P. C.D., A.D.C.
Haynes, Lt. Col. C. P., C.D.
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Hearn, J. R.
Hearst, H. V., Q.C.
Heath, Wm. B.
Heather, J. F. C.
Hebert, Joseph F.
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Helliwell, Paul B.
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Hendrick, K. C.
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Henry, Dr. Charles E.
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Henty, S.
Hepburn, John T.
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Hermant, Kathleen
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Hicks-Lyne, Col. R. T. E.
Higgins, Larratt
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Hill, John B.
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Hill, Roy C.
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Hilliard, Major R. R.
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Laffey, James V.

Laidlaw, R. A.
Laing, G. Blair
Laing, James F.
Lake, J. F.
Lamek, P. S. A.
Lamont, D. H. L., Q.C.
Lampert, H.
Lamport, Richard L.
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Lang, Senator Daniel
Langford, H. E., Q.C.
Langford, James A.
Langley, Maj. Arthur J.
Large, Peter K.
Larkin, M.
La Rochelle, Allen
Larry, Lou
Larue, Stephen
Laurie, Thomas Charles
Laverdiere, Jacques
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Lawrence, Richard L.
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Lawson, Donald G.
Lawson, Miss June
Laxton, Edward, Q.C.
Leadbeater, Wm J., C.L.U.
Leader, Brian R.
Leal, H. Allan, Q.C.
Learmonth, Col. Wm. R.
Leavitt, A. D.
Leckie, Wm. A.
Lee, Robert C.
Lees, Nigel C.
Legge, W. R.
Lehner, Friedrich
Leibel, Dr. Bernard
Leibel, John L.
Leibel, William
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Lemmon, A. H.
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Lennox, The Rev. Canon William J.
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Levine, Michael A.
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Lewis, Aird
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Lewis, Roderick, Q.C.
Lewis, Major R. W., C.D.
Libman, Ben
Lilley, E. J. S.
Lind, Lt. Col. J. B.
Lind, P.
Lindsay, A. F
Lindsay, Dr. W. R. N.
Lindsey, R. E. A.
Linton, Hall
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Little, Peter M.
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Lloyd, C. W.
Lloyd, J. Trevor
Lloyd, W. Rowland
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Logan, Frank H.
Lomdon, Byron F.
Lonergan, Clyde G.
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Long, Norman W.
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Loucks, Stanley G.

Lowe, Robert E.
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Lowrey, J. A.
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Lucas, Gordon T.
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MacDonald, Lt. Col. Brian S.
Macdonald, Donald L.
MacDonald, Duncan James
MacDonald, Fraser W., Q.C.
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Macfeeters, R. L.
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MacKenzie, Regd. A.
Mackey, James P.
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MacLaren, Ian
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Mahoney, Ed
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Muncaster, J. D.
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Mutrie, Fergus
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Needham, Harold P.
Neeser, Rudolf M.
Neish, Wm. J.
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Noble, W. T.
Northey, J. A.
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Notzl, Paul
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Ogletree, R. F.
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Olver, A. S.
O'Mejer, Major Thor Odegard
Orbach, Carl, Q.C.
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O'Reilly, P. D.
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Osborne, Clare A.
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Outerbridge, I. W., Q.C.
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Page, D. H.
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Paradis, Georges, C.D.
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Parkinson, John G., Q.C.
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Parkinson, R. M.
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Patterson, Lt. Col. W. E.
Pattison, W. S.
Patton, John A.
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Popowich, William J.
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Powell, Dr. A. B.
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Power, Miss Maura
Power, R. P.
Powley, B. G.
Poyntz, A. R.
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Pretty, David W.
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Price, James Alfred
Price, Ray
Price, Vincent, Q.C.
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Prinsloo, Christo J.
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Protter, Bernard
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Pukitis, Edward
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Rankin, Donald G.
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Raphael, B.
Ratcliff, C. A.
Ray, Louis W.
Rea, Major G. A. G.
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Rebanks, Leslie
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Richardson, Robin
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Rickey, H. R.
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Rittersporn, H. L., Q.C.
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Scanlan, Lt. Col. P. D., D.F.C., C.D.

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Strathy, C. M. A.
Strathy, J. G. B.
Stuart, A. K.
Stuart, James E. D.
Stuart, Ronald S.
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Stubbs, C. John
Style, H. B.
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Tarnopolsky, Walter S.
Tate, Howard A.
Tatton, Lorne A.
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Taylor, E. P.
Taylor, F. W.
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Taylor, Linda M.
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Telfer, A. C.
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Thompson, K. S.
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Thompson, W. M.
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The members of the Empire Club have long been aware of the unique value of the annual volume of addresses published without interruption since the Club's first year, 1903–1904.

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The Empire Club Foundation, a registered charitable foundation, has as one of its objects the widespread distribution of this outstanding annual. The Yearbook you are reading now will be distributed to libraries from coast-to-coast. These number about 3,800 and include every public, university, college and high school library in Canada. This is made possible by the generosity of our contributors.

In addition it proposes, as funds become available, to make other contributions to the educational life of Canada.

Those individuals and companies whose names follow have recognized the worth of this programme by their contributions to the Foundation during recent months. Contributors to The Empire Club Foundation are divided as follows: those who have given $250.00 or more are known as BENEFACTORS and those who have given less are known as DONORS. All gifts are gratefully received. The list that follows includes the names of all who have contributed between November 1st, 1973 and August 31st, 1974. Great care has been taken to make this list accurate. If there are mistakes we ask for your indulgence and would appreciate a note telling us how we erred.

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FINANCIAL STATEMENTS
AUDITORS' REPORT

To the Members of
The Empire Club Foundation

We have examined the balance sheet of the Empire Club Foundation as at April 30, 1974 and the statement of income and expenses and surplus for the year then ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

Verification of contributions received is not practicable through normal audit procedures. Our verification of this item consequently has been confined to a comparison of recorded receipts with bank deposits.

In our opinion, except for the limitation in the scope of our examination reported in the preceding paragraph, these financial statements present fairly the financial position of the Empire Club Foundation as at April 30, 1974 and the results of its operations for the year ended on that date in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

SMITH, NIXON & CO.
CHARTERED ACCOUNTANTS

TORONTO, May 13, 1974

THE EMPIRE CLUB FOUNDATION

(Incorporated under the laws of the Province of Ontario
as a non-profit corporation without share capital)

BALANCE SHEET AS AT APRIL 30, 1974

ASSETS

	1974	1973
Bank	$ 6,472	$ 1,949
Deposit receipt	14,000	—
Accounts receivable	70	2,605
	$20,542	$ 4,554

LIABILITIES AND SURPLUS

	1974	1973
Accounts payable and accrued liabilities	$14,000	$ 14
Surplus	6,542	4,540
	$20,542	$ 4,554

Approved on Behalf of The Board
"Chas. C. Hoffman"
"R. Bredin Stapells"

THE EMPIRE CLUB FOUNDATION

STATEMENT OF INCOME AND EXPENSES AND SURPLUS FOR THE YEAR ENDED APRIL 30, 1974

	1974	1973
Income		
Donations	$17,410	$ 8,055
Interest earned	914	471
Book sales	—	2,605
	18,324	11,131
Expenses		
Stationery and postage	888	655
Year book expense (Note)	15,434	13,537
	16,322	14,192
Excess of income over expenses (expenses over income) for the year	2,002	(3,061)
Surplus—beginning of year	4,540	7,601
Surplus—end of year	$ 6,542	$ 4,540

NOTE:

The year book expense for the 1974 fiscal year includes the estimated cost of publishing and distributing the "Empire Club Addresses 1973/74" since this publication was considered to be a project of the 1974 year and was in process at April 30, 1974.

[illegible]

[illegible] FOUNDATION

[illegible]

[illegible]

	[illegible]	[illegible]
Income:		
Dividends	[illegible]	[illegible]
Interest [illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]
Expenses:		
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]
[illegible]		
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]

Note:

[illegible]